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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)

CONNECTED TRANSACTIONS IN RELATION TO THE SUB-CONTRACT AGREEMENT AND THE PROCUREMENT CONTRACT AGREEMENTS

SUB-CONTRACT AGREEMENT

The Company announced that on 23 June 2020, Star Home Furnishing (as the Manager), a subsidiary of the Company, Danyang Rongjin Hongxing Real Estate (as the Principal) and Fenglei Industrial (as the Subcontractor) entered into a Sub-contract Agreement for air conditioning and ventilation works for the Danyang Red Star Tianbo Community Project with a total consideration of RMB24,900,927.56 (tax inclusive). Fenglei Industrial will provide the subcontracted air conditioning and ventilation works for the Danyang Red Star Tianbo Community Project accordingly, and Danyang Rongjin Hongxing Real Estate appointed Star Home Furnishing as the manager and coordinator of the subcontracting works.

PROCUREMENT CONTRACT AGREEMENTS

The Company also announced that on 23 June 2020, Star Home Furnishing and Danyang Rongjin Hongxing Real Estate entered into the Procurement Contract Agreements in respect of the procurement for Danyang Red Star Tianbo Community Project, which are (1) Bath Heater Procurement Contract Agreement, (2) Sanitary Appliance Procurement Contract Agreement and (3) Faucet and Hardware Procurement Contract Agreement. The total consideration of Procurement Contract Agreements is RMB12,282,134.74 (tax inclusive).

IMPLICATIONS UNDER THE LISTING RULES

Danyang Rongjin Hongxing Real Estate is a subsidiary of RSM Holding, the controlling shareholder of the Company. Therefore, Danyang Rongjin Hongxing Real Estate is a connected person of the Company. The abovementioned Sub-contract Agreement and Procurement Contract Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As the parties of the abovementioned transactions are same and involve in same project, the Transactions contemplated under the Sub-contract Agreement and Procurement Contract Agreements shall be consolidated into a series of transactions pursuant to Rule 14A.81 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 Transactions contemplated under the Sub-contract Agreement and Procurement Contract Agreements is more than 0.1% but less than 5%, the Transactions are subject to the reporting, announcement and annual review requirements, but are exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The Company announced that on 23 June 2020, Star Home Furnishing (as the Manager), a subsidiary of the Company, Danyang Rongjin Hongxing Real Estate (as the Principal) and Fenglei Industrial (as the Subcontractor) entered into a Sub-contract Agreement for air conditioning and ventilation works for the Danyang Red Star Tianbo Community Project with a total consideration of RMB24,900,927.56 (tax inclusive). Fenglei Industrial will provide the subcontracted air conditioning and ventilation works for the Danyang Red Star Tianbo Community Project accordingly, and Danyang Rongjin Hongxing Real Estate appointed Star Home Furnishing as the manager and coordinator of the subcontracting works.

The Company also announced that on 23 June 2020, Star Home Furnishing and Danyang Rongjin Hongxing Real Estate entered into the Procurement Contract Agreements in respect of the procurement for Danyang Red Star Tianbo Community Project, which are (1) Bath Heater Procurement Contract Agreement, (2) Sanitary Appliance Procurement Contract Agreement and (3) Faucet and Hardware Procurement Contract Agreement. The total consideration of Procurement Contract Agreements is RMB12,282,134.74 (tax inclusive).

SUB-CONTRACT AGREEMENT

The principal terms of the Sub-contract Agreement entered into among Star Home Furnishing (as the Manager), Danyang Rongjin Hongxing Real Estate (as the Principal) and Fenglei Industrial (as the Subcontractor) in respect of the subcontracted air conditioning and ventilation works for Danyang Red Star Tianbo Community Project are set out as follows:

Date: 23 June 2020

Parties: Danyang Rongjin Hongxing Real Estate (the “**Principal**”)

Star Home Furnishing (the “**Manager**”)

Fenglei Industrial (the “**Subcontractor**”)

Completion:	The construction period is 281 calendar days, commencing from 23 June 2020
Scope of the Subcontracting Project:	Air conditioning and ventilation works for the Danyang Red Star Tianbo Community Project
Obligations of the Parties:	<p>Obligations of the Principal:</p> <ol style="list-style-type: none"> (1) pay the Manager the consideration as specified in the Sub-contract Agreement; (2) responsible for solving problems that require coordination by the Principal during the construction, and participate in the initial acceptance inspection, acceptance inspection and verification work of the project. In case of change of the field representative, the Principal shall promptly notify the Subcontractor. <p>Obligations of the Manager:</p> <ol style="list-style-type: none"> (1) as the entity entrusted by the Principal with the management and coordination of the subcontracting project, the Manager is fully responsible for the management of supply of material, construction, commissioning and acceptance inspection, maintenance, etc. of this project; and make timely arrangements, track the construction progress and deploy relevant capacity to complete the construction and acceptance of this project as scheduled; (2) responsible for providing detailed design of the drawings to ensure that there are detailed construction drawings on the basis of the original design drawings to facilitate construction; (3) provide guidance to the Subcontractor for the entire process from supply of material to installation, so as to ensure the quality of air-conditioning construction; (4) monitor the Subcontractor to complete the matters agreed in the contract in a timely manner; (5) assume joint and several liability for the supply of material and quality of construction by the Subcontractor as well as for site safety; (6) the Manager shall be responsible for the Subcontractor's conduct and quality of works completed. If the quality and progress of works carried out by the Subcontractor fail to meet the requirements, penalties will be imposed by the Manager who is equally responsible to the Principal.

Obligations of the Subcontractor:

- (1) responsible for the supply of material, construction, commissioning and acceptance inspection, maintenance, etc. of this project;
- (2) responsible for on-site production safety of this project;
- (3) unless otherwise agreed in the Sub-contract Agreement, the Subcontractor shall be responsible for the whole construction work under the Sub-contract Agreement, including subcontracting works or projects, materials, articles or engineering equipment. All instructions issued by the engineer to the Manager shall be forwarded by the Manager to the Subcontractor in a timely manner, and the Subcontractor shall cooperate and complete the instructions in time to ensure that the engineer's instructions can be implemented without delay.

Consideration: RMB24,900,927.56 (tax inclusive), in which the consideration without tax is RMB22,248,102.19. In view that the Principal appoints the Manager as the manager and coordinator of the subcontracting project, the Principal will directly pay relevant monies to and settle payments with the Manager, and the Manager will pay the project funds to the Subcontractor on behalf of the Principal (but shall reserve the guarantee deposit for the project from the project funds as specified in the Sub-contract Agreement) and will manage and pay to the Principal the guarantee deposit for the project reserved from the project funds paid to the Subcontractor.

Basis of
Consideration: The consideration is determined based on the market price. The price of the Transaction is determined through friendly negotiations among all parties after price comparison. The risk of the Transaction is controllable and reflects the principles of fair trading and consensus.

Payment Method: (1) When the Principal pays the amount of the contract price payable at each stage, it shall pay 70% of the contracted amount for completed project, net of the Principal's withholding cost and other liquidated damages, fines, etc., and the Manager shall provide special VAT invoices in full amount as required by the tax authorities where the construction is located;

- (2) Before the acceptance of each payment, the Manager shall provide the special VAT invoice in compliance with the regulatory requirements and in full amount. In the event that the Manager fails to provide the invoice in time or in compliance with the agreement, the Principal may delay the payment and has the right to terminate the contract. If the Principal terminates the contract for such reason, the Manager shall pay 20% of the contract amount to the Principal as liquidated damages and compensate for the losses suffered by the Principal. The special invoice provided by the Manager must be replaced in time as requested by the Principal if it cannot be deducted and the Principal's losses arising from such invoice shall be borne by the Manager, including but not limited to, fines, late fees and taxes;
- (3) Payment of 80% of the contracted amount for completed project shall be made after the project is completed and acceptance form for quality inspection is obtained; payment of 90% of the contracted amount for completed project shall be made after the delivery of the Project; and
- (4) 95% of the total settlement price will be paid after the settlement is completed. At the same time, the Manager shall provide invoice for 100% of the total settlement price, and the remaining 5% will be used as the guarantee deposit for the project.

Frequency of Payment: Payments shall be made at certain stages, which means the Manager shall submit interim payment application to the Principal for approval after the Subcontractor completes relevant stages of the project and reaches the quality standards specified in the Sub-contract Agreement.

Quality Warranty Period: Two complete heating and cooling cycles

PROCUREMENT CONTRACT AGREEMENTS

The principal terms of the Procurement Contract Agreements entered into between Star Home Furnishing and Danyang Rongjin Hongxing Real Estate in respect of the procurement for Danyang Red Star Tianbo Community Project are as follows:

A. Bath Heater Procurement Contract Agreement

Date: 23 June 2020

Parties: Danyang Rongjin Hongxing Real Estate (the “**Demand**er”)
Star Home Furnishing (the “**Supplier**”)

- Supplied Goods: The Supplier will provide the Demander with 122 sets of bath heater for Building 6 and 1,097 sets of bath heater for the remaining buildings
- Delivery Cycle: 30 days, from the date of the Demander's written order until the given batch of goods all arrives at the location designated by the Demander
- Consideration: RMB1,067,539.25 (tax inclusive), in which the consideration without tax is RMB944,725.00
- Basis of Consideration: The consideration is determined based on the market price. The price of the Transaction is determined through friendly negotiations between both parties after price comparison. The risk of the Transaction is controllable and reflects the principles of fair trading and consensus.
- Payment Method: (1) There is no prepayment or deposit for the Bath Heater Procurement Contract Agreement.
- (2) If the goods are sporadically delivered and the accumulated amount of the goods does not exceed RMB0.2 million, within fifty-six (56) days after the delivery of all goods to the project site indicated in the project procurement contract agreement and the preliminary acceptance by the Demander, the Demander shall pay the Supplier the total amount of the goods arrived, and deduct five percent (5%) of the total amount of the goods arrived as quality assurance deposit. At the same time, the Supplier shall submit to the Demander a special VAT invoice equivalent to the total amount of the goods arrived.
- (3) If the goods are delivered in batches and the accumulated amount of goods exceeds RMB0.2 million, the following terms shall be followed:
- (a) According to the requirements of the Demander, within fifty-six (56) days after the delivery of the first batch of goods to the project site indicated in the project procurement contract agreement by the Supplier and the preliminary acceptance by the Demander, the Demander shall pay eighty percent (80%) of the total amount of the goods arrived to the Supplier. The Supplier shall first issue to the Demander a special VAT invoice equivalent to the total amount of the goods arrived.

- (b) Within fifty-six (56) days after the delivery of the second batch of goods to the project site indicated in the project procurement contract agreement by the Supplier and the acceptance by the Demander, the Demander shall pay the Supplier eighty percent (80%) of the total amount of the goods arrived at that time, as well as ten percent (10%) of the total amount of the previous batch of goods. The Supplier shall first issue to the Demander a special VAT invoice equivalent to the total amount of the goods arrived.
- (c) Payments after the second batch shall be made according to the above term based on the same logic.
- (d) Within fifty-six (56) days after the delivery of all the goods to the project site indicated in the project procurement contract agreement and the acceptance by the Demander, the Demander shall pay to the Supplier the total amount of the goods arrived, and deduct five percent (5%) of the total amount of the goods arrived as the quality assurance deposit (including the amount previously deducted). The Supplier shall first issue to the Demander a special VAT invoice (including the amount of special VAT invoices submitted previously) equivalent to the total amount of the goods, otherwise the Demander has the right to postpone the payment and shall not be liable for late payment.

Quality Warranty Period: 2 years

B. Sanitary Appliance Procurement Contract Agreement

Date: 23 June 2020

Parties: Danyang Rongjin Hongxing Real Estate (the “**Demander**”)
 Star Home Furnishing (the “**Supplier**”)

Supplied Goods: The Supplier will provide the Demander with 577 sets of hidden line intelligent toilets, 622 sets of one-piece toilets, 1,317 sets of undercounter basins and 534 sets of 1.5 m bathtubs

Delivery Cycle: 60 days, from the date of the written notice by the Demander until the goods have all arrived at the location designated by the Demander

- Consideration: RMB8,180,768.01 (tax inclusive), in which the total consideration without tax is RMB7,239,617.71.
- Basis of Consideration: The consideration is determined based on the market price. The contract amount of the Transaction is within the gross profit margin of project in the market and is determined after taking into consideration the project details and estimated responses of potential competitors. The Demander issued an invitation for tender to determine the contract amount through bidding.
- Payment Method:
- (1) There is no prepayment for the Sanitary Appliance Procurement Contract Agreement.
 - (2) If it is a one-time supply: Upon the delivery of all goods to the project site indicated in the procurement contract agreement, and within fifty-six (56) days from the date of the initial acceptance of the Demander, the Demander shall pay the Supplier the total amount of the total payment for the goods received, and deduct five percent (5%) of the total amount of the goods received as a quality assurance deposit, at the same time, the Supplier must submit a special VAT invoice equivalent to the total amount of goods received to the Demander.
 - (3) If the goods are delivered in batches and the accumulated payment exceeds RMB0.2 million, the following terms shall apply:
 - (a) As required by the Demander, the Supplier shall deliver the first batch of the goods to the project site indicated in the project procurement contract agreement, and within fifty-six (56) days from the date of the initial acceptance of the Demander, the Demander shall pay the Supplier eighty percent (80%) of the total payment for the goods received, the Supplier shall first issue a special VAT invoice equivalent to the total amount of goods received to the Demander.

- (b) Upon the Supplier's delivery of second batch of the goods to the project site indicated in the project procurement contract agreement, and within fifty-six (56) days from the date of acceptance of the Demander, the Demander shall pay the Supplier eighty percent (80%) of the total payment for the goods received at that time and ten percent (10%) of the total payment for the previous batch of goods, the Supplier shall first issue a special VAT invoice equivalent to the total amount of goods received at that time to the Demander.
- (c) Payments after the second batch shall be made according to the above terms based on the same logic.
- (d) Upon delivery of all goods to the project site indicated in the project procurement contract agreement, the Demander shall pay the Supplier the total amount of the total payment for the goods received, and deduct five percent (5%) of the total amount of goods received as a quality assurance deposit (including the amount previously deducted). The Supplier shall first issue a special VAT invoice (including the value of the special VAT invoice that has been previously submitted) equivalent to the total amount of goods received at that time to the Demander, otherwise the Demander has the right to postpone payment and shall not be liable for late payment.

Quality Warranty Period: 2 years

C. Faucet and Hardware Procurement Contract Agreement

Date: 23 June 2020

Parties: Danyang Rongjin Hongxing Real Estate (the “**Demander**”)
 Star Home Furnishing (the “**Supplier**”)

Supplied Goods: The Supplier will provide the Demander with 1,317 sets of deck-mounted faucets, 803 sets of shower kits and 534 sets of bathtub side faucets

Delivery Cycle: 60 days, from the date of written notice by the Demander until the goods have all arrived at the location designated by the Demander

Consideration: RMB3,033,827.48 (tax inclusive), in which the consideration without tax is RMB2,684,803.08.

Basis of Consideration: The consideration is determined based on the market price. The contract amount of the Transaction is within the gross profit margin of project in the market and is determined after taking into consideration the project details and estimated responses of potential competitors. The Demander issued an invitation for tender to determine the contract amount through bidding.

Payment Method: (1) There is no prepayment for the Faucet and Hardware Procurement Contract Agreement.

(2) For one-off delivery: within fifty-six (56) days after delivery of all goods to the project site indicated in the procurement contract agreement and the preliminary acceptance by the Demander, the Demander shall pay the total amount of the goods arrived to the Supplier, and deduct five percent (5%) of the total amount of the goods arrived as the quality assurance deposit. At the same time, the Supplier shall submit to the Demander a special VAT invoice equivalent to the total amount of the goods arrived.

(3) If the goods are delivered in batches, and the accumulated amount of goods exceeds RMB0.2 million, the following terms shall be followed:

(a) According to the requirements of the Demander, within fifty-six (56) days after the delivery of the first batch of goods to the project site indicated in the project procurement contract agreement by the Supplier and the preliminary acceptance by the Demander, the Demander shall be required to pay the Supplier eighty percent (80%) of the total amount of the goods arrived. The Supplier shall first issue to the Demander a special VAT invoice equivalent to the total amount of the goods arrived.

(b) Within fifty-six (56) days after the delivery of the second batch of goods to the project site indicated in the project procurement contract agreement by the Supplier and the acceptance by the Demander, the Demander shall pay the Supplier eighty percent (80%) of the total amount of the goods arrived at that time, as well as ten percent (10%) of the total amount of the previous batch of goods. The Supplier shall first issue to the Demander a special VAT invoice equivalent to the total amount of the goods arrived.

(c) Payments after the second batch shall be made according to the above terms based on the same logic.

- (d) Within fifty-six (56) days after delivery of all the goods to the project site indicated in the project procurement contract agreement and the acceptance by the Demander, the Demander shall pay the Supplier the total amount of the goods arrived, and deduct five percent (5%) of the total amount of the goods arrived as the quality assurance deposit (including the amount deducted before). The Supplier shall first issue to the Demander a special VAT invoice (including the amount of special VAT invoices submitted previously) equivalent to the total amount of the goods, otherwise the Demander has the right to postpone the payment and shall not be liable for late payment.

Quality 2 years
Warranty
Period:

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Directors believe that the execution of agreements in relation to the Danyang Red Star Tianbo Community Project and the successful implementation thereof will be beneficial to the further expansion of the scale of operations of Star Home Furnishing, improve its ability to undertake business, have a positive impact on its current and future performance, and will help enhance the continued profitability of the Company.

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

IMPLICATIONS UNDER THE LISTING RULES

Danyang Rongjin Hongxing Real Estate is a subsidiary of RSM Holding, the controlling shareholder of the Company. Therefore, Danyang Rongjin Hongxing Real Estate is a connected person of the Company. The abovementioned Sub-contract Agreement and Procurement Contract Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As the parties of the abovementioned transactions are same and involve in same project, the Transactions contemplated under the Sub-contract Agreement and Procurement Contract Agreements shall be consolidated into a series of transactions pursuant to Rule 14A.81 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 Transactions contemplated under the Sub-contract Agreement and Procurement Contract Agreements is more than 0.1% but less than 5%, the Transactions are subject to the reporting, announcement and annual review requirements, but are exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Our Directors, namely Mr. CHE Jianxing, Ms. CHEN Shuhong, Ms. CHE Jianfang, Mr. XU Guofeng and Mr. JIANG Xiaozhong have abstained from voting on the Board resolution to approve the Sub-contract Agreement and Procurement Contract Agreements in view of their conflict of interests or potential interests in the Transactions contemplated thereunder. Save as disclosed above, none of Directors has any material interests in the Transactions.

INFORMATION ABOUT THE GROUP

The Group is 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. 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 STAR HOME FURNISHING

Star Home Furnishing is a company incorporated in the PRC and a subsidiary of the Company. Star Home Furnishing is engaged in the general projects: sales of household items, furniture, kitchen equipment, home appliances, bathroom sanitary ware, hardware, electrical appliances, building materials, construction materials, decorative materials, daily necessities, auto parts, computers, software and auxiliary equipment; computer hardware and software development; design and construction of building renovation, decoration and construction engineering; interior and exterior decoration design; import and export of goods or technologies (except for imports and exports of goods and technologies prohibited by the State or for which administrative approval is required) (except for projects that are subject to approval in accordance with laws, business activities should be conducted independently with business licence(s) in accordance with laws). Star Home Furnishing is held as to 60% by Betterhome Construction Technology Co., Ltd., which is held as to 90% by the Company.

INFORMATION ABOUT DANYANG RONGJIN HONGXING REAL ESTATE

Danyang Rongjin Hongxing Real Estate is a company incorporated in the PRC and a subsidiary of RSM Holding, the controlling shareholder of the Company. Danyang Rongjin Hongxing Real Estate is engaged in the businesses of the wholesale and retail of air conditioning equipment, audio equipment, household appliances, hardware tools, interior decoration materials, clothing, shoes and hats, daily necessities, rubber products, wires, electrical materials, plastic products and luggage, professional mechanical and electrical equipment installation and construction engineering, refrigerator repairment, refrigeration equipment repairment, professional engineering works including building renovation and decoration construction, intelligent building construction, steel structure construction, environmental protection facilities construction, urban lighting and road lighting construction; repairment and maintenance services for mechanical and electrical equipment, heating, ventilation and air conditioning equipment, intelligent control equipment, water supply and drainage equipment, fire equipment and power equipment (for projects requiring approval according to laws, operating activities can only be carried out upon approval from relevant authorities). RSM Holding is directly held as to 92% and 8% by Mr. CHE Jianxing and Ms. CHE Jianfang (both of them are the Directors of the Company), respectively.

INFORMATION ABOUT FENGLI INDUSTRIAL

Fenglei Industrial is a company incorporated in the PRC, which is engaged in the businesses of the wholesale and retail of air conditioning equipment, audio equipment, household appliances, hardware tools, interior decoration materials, clothing, shoes and hats, daily necessities, rubber products, wires, electrical materials, plastic products and luggage, professional mechanical and electrical equipment installation and construction engineering, refrigerator repairment, refrigeration equipment repairment, professional engineering works including building renovation and decoration construction, intelligent building construction, steel structure construction, environmental protection facilities construction, urban lighting and road lighting construction; repairment and maintenance services for mechanical and electrical equipment, heating, ventilation and air conditioning equipment, intelligent control equipment, water supply and drainage equipment, fire equipment and power equipment (for projects requiring approval according to laws, operating activities can only be carried out upon approval from relevant authorities). Fenglei Industrial is held as to 65% and 35% by XIE Hongchun and ZHU Guifang (both of them are independent third parties of the Company), respectively.

DEFINITIONS

“Bath Heater Procurement Contract Agreement”	the bath heater procurement contract agreement entered into between Star Home Furnishing and Danyang Rongjin Hongxing Real Estate on 23 June 2020
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“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
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Danyang Rongjin Hongxing Real Estate”	Danyang Rongjin Hongxing Real Estate Development Co., Ltd.* (丹陽市融錦宏星置業發展有限公司), a limited liability company established in PRC and a subsidiary of RSM Holding
“Director(s)”	the directors of the Company
“Faucet and Hardware Procurement Contract Agreement”	the faucet and hardware procurement contract agreement entered into between Star Home Furnishing and Danyang Rongjin Hongxing Real Estate on 23 June 2020
“Fenglei Industrial”	Shanghai Fenglei Industrial Co., Ltd.* (上海峰雷實業有限公司), a limited liability company established in the PRC
“Group”	the Company together with its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“PRC”	the People’s Republic of China
“Procurement Contract Agreements”	Bath Heater Procurement Contract Agreement, Sanitary Appliance Procurement Contract Agreement and Faucet and Hardware Procurement Contract Agreement
“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 controlling shareholder of the Company
“Sanitary Appliance Procurement Contract Agreement”	the sanitary appliance procurement contract agreement entered into between Star Home Furnishing and Danyang Rongjin Hongxing Real Estate on 23 June 2020

“Star Home Furnishing”	Shanghai Red Star Macalline Star Home Furnishing Company Limited* (上海紅星美凱龍星家居用品有限公司), a limited liability company established in the PRC and a subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-contract Agreement”	the sub-contract agreement entered into among Star Home Furnishing (as the Manager), Danyang Rongjin Hongxing Real Estate (as the Principal) and Fenglei Industrial (as the Subcontractor) on 23 June 2020
“Transaction(s)”	the connected transactions contemplated as set out in the sections headed “Sub-contract Agreement” and “Procurement Contract Agreements” in this announcement

By Order of the Board
Red Star Macalline Group Corporation Ltd.
GUO Binghe
Vice Chairman

Shanghai, the PRC
23 June 2020

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, XU Guofeng, JING Jie and XU Hong; and the independent non-executive Directors are QIAN Shizheng, LEE Kwan Hung, Eddie, WANG Xiao and ZHAO Chongyi.

* *For identification only*