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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)**

# **PROPOSED ISSUE OF THE CORPORATE BONDS IN THE PRC AND**

## **PROPOSED GRANT OF GENERAL MANDATE TO ISSUE THE BONDS**

On 31 July 2015, the Board resolved to propose (a) the issue of the Corporate Bonds in the PRC with an aggregate principal amount not exceeding RMB10,000,000,000; and (b) obtaining a general mandate from the Shareholders to deal with the relevant matters relating to the issue of the Bonds of the Company with an aggregate principal amount not exceeding RMB4,000,000,000 or equivalent in foreign currencies.

According to the laws of the PRC and the Articles of Association, the proposed issue of the Corporate Bonds and the issue of the Bonds are subject to the approval of the Shareholders by way of special resolutions and the approval(s) from the relevant PRC and/or overseas regulatory authorities. Issue of the Corporate Bonds and the Bonds will depend on the timing of the relevant regulatory approval(s), the capital needs of the Company and the conditions of the debt markets in the PRC.

## **PROPOSED ISSUE OF THE CORPORATE BONDS IN THE PRC**

Particulars of the issue of the Corporate Bonds, if it proceeds, are as follows:

Issue size: not exceeding RMB10,000,000,000 (can be issued in single or multiple tranches, and the specific issue size will be, subject to granting of authorisation by the Shareholders, determined by the Board or person(s) authorised by the Board according to the Company's actual capital needs and the market conditions prevailing at the time of issue)

Issue targets:	the Corporate Bonds will be issued to qualified investors in accordance with PRC regulations and will not be placed to the existing Shareholders on a preferential basis
Maturity:	up to 7 years and may have single or multiple periods. The specific maturity shall be, subject to granting of authorisation by the Shareholders, determined by the Board or person(s) authorised by the Board according to the relevant requirements, the Company's actual capital needs and market conditions prevailing at the time of issue
Coupon rate:	fixed rate coupon. The coupon rate and coupon payout schedule will be, subject to granting of authorisation by the Shareholders, determined by the Board or person(s) authorised by the Board and underwriter(s) according to the market conditions prevailing at the time of issue
Listing arrangement:	subject to the satisfaction of the relevant listing requirements, the Company will apply for listing of the Corporate Bonds on a domestic stock exchange as approved by the relevant PRC regulatory authorities
Use of proceeds:	for repaying the loans of the Company and its subsidiaries, replenishing the working capital of the Company, financing construction of projects and improving the Company's financial conditions. Subject to granting of authorisation by the Shareholders, the specific use of proceeds shall be determined by the Board or person(s) authorised by the Board in accordance with the financial conditions and capital needs of the Company within the scope aforementioned
Guarantee:	subject to granting of authorisation by the Shareholders, the guarantee arrangement will be determined by the Board or person(s) authorised by the Board taking into account relevant requirements and the market conditions prevailing at the time of issue
Protection measures for repayment:	<p>in the event that the Company expects that it is unable to repay the principal and interests of the Corporate Bonds as scheduled, or the Company is unable to repay the principal and interests of the Corporate Bonds when they become due, it shall implement, as a minimum, the following measures for repayment of the Corporate Bonds:</p> <ul style="list-style-type: none"> <li>(i) no dividend will be distributed to the Shareholders;</li> <li>(ii) suspend the implementation of projects that incur capital expenditure such as material external investments, acquisitions and mergers;</li> <li>(iii) payment of salary and bonus of the Directors and senior management of the Company will be adjusted, reduced or ceased; and</li> </ul>

(iv) key personnel accountable for such event will not be allowed for re-designation.

Term of validity of the resolution: the resolution regarding the proposed issue of the Corporate Bonds shall be valid for 12 months from the date of approval at the EGM

Subject to the Shareholders' approval, the Board or the person(s) authorised by the Board, will be authorised to do the following:

- (1) subject to the laws, regulations and applicable requirements of securities regulatory authorities and the resolution of the EGM, with reference to the specific conditions of the market and the Company, to determine the specific plan of the issue of the Corporate Bonds, including but not limited to all matters relating to terms and conditions of the issue such as the issue size, maturity, bond type, coupon rate or its method of determination, timing of issue, issue method (including whether to issue in tranches, size for each tranche), whether to include repurchase and redemption clauses, guarantee arrangement, credit rating arrangement, subscription method, principal repayment and interest payment terms and manners, use of proceeds, repayment protection measures, trading arrangement, underwriting arrangements etc.;
- (2) to decide and appoint intermediaries and entrusted manager for the issue of the Corporate Bonds;
- (3) to implement and execute matters related to the issue, listing and trading of the Corporate Bonds, including but not limited to formulating, authorising, executing, implementing, amending and completing the legal documents regarding the issue, listing and trading of the Corporate Bonds, including but not limited to the prospectus of the Corporate Bonds, underwriting agreement, bond trust management agreement, rules of bondholders' meeting, various announcements etc., and to make relevant disclosure pursuant to laws and regulations as well as other regulatory documents;
- (4) where there is change to the laws and regulations, relevant policies of regulatory authorities or market conditions, to make suitable adjustments on the matters of the issue of the Corporate Bonds in accordance with relevant laws and regulations, the Articles of Association and any opinion of the regulatory authorities, or to decide whether to proceed with the issue of the Corporate Bonds according to the actual situations, save for the matters which are subject to new resolutions of the Shareholders' meeting in accordance with the relevant laws, regulations and the Articles of Association; and
- (5) to handle other matters regarding the issue, listing and trading of the Corporate Bonds with full authority.

The term of the authorisation shall commence from the date of passing of the resolution regarding the issue of the Corporate Bonds at the EGM until the completion of all authorised matters mentioned above.

## **PROPOSED GRANT OF GENERAL MANDATE TO ISSUE THE BONDS**

On 31 July 2015, the Board resolved to propose a special resolution to the Shareholders for the grant of a general mandate to the Board and the person(s) authorised by the Board to decide on financing matters where appropriate, so that the Company may issue the Bonds domestically or abroad in an aggregate principal amount not exceeding RMB4,000,000,000 or equivalent in foreign currencies (excluding the issue size of the proposed issue of Corporate Bonds approved by the Board). The entity issuing the Bonds may be the Company and its subsidiaries included in the combined statements of the Company. The Bonds may be issued in single or multiple tranches, with a term up to 10 years. The proceeds will be used to, among others, meet the Company's business needs, adjust the debt structure, replenish the working capital and (or) invest in relevant projects. Specific terms of each issue of the Bonds, including the size, the maturity, interest rate and the issue method, shall comply with the stipulations of relevant rules.

The Company will also propose to the Shareholders at the EGM to grant the authority to the Board and the person(s) authorised by the Board to deal with matters relating to the issue of the Bonds. Such general mandate shall remain valid for 12 months from the date of passing of the relevant resolution at the EGM. Where the Board and person(s) authorised by the Board have decided on the related issue and the Company has also obtained approval or license from or have completed the registration with the relevant regulatory bodies on the related issue of the Bonds within the term of validity of the mandate, the Company may complete the related issue of the Bonds within the term of validity of such approval, license or registration.

## **EXTRAORDINARY GENERAL MEETING**

An EGM will be convened for the approval of the proposed issue of the Corporate Bonds and the proposed grant of general mandate to issue the Bonds by special resolutions. A circular containing, among other things, details of the proposed issue of the Corporate Bonds and the proposed grant of general mandate to issue the Bonds, together with the notice of the EGM, is expected to be dispatched to the Shareholders in due course.

**The proposed issue of the Corporate Bonds and the Bonds are subject to, among others, the approval of the Shareholders at the EGM, the approval(s) of relevant regulatory authorities and market conditions, and may or may not proceed. Shareholders and investors should therefore exercise caution in dealing in the shares of the Company.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Articles of Association”	means	the articles of association of the Company
“Board”	means	the board of Directors
“Company”	means	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 limited company incorporated in the PRC with limited liability, whose H shares are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited
“Bonds”	means	the bonds (including but not limited to short-term financing bills, medium term notes, USD bonds and other debt securities recognised by domestic and overseas regulatory bodies) with an aggregate principal amount not exceeding RMB4,000,000,000 or equivalent in foreign currencies (excluding the size of the proposed issue of the Corporate Bonds approved by the Board), to be issued domestically and abroad
“Corporate Bonds”	means	corporate bonds with an aggregate principal amount not exceeding RMB10,000,000,000 proposed to be issued by the Company in the PRC
“Director(s)”	means	the directors of the Company
“EGM”	means	the extraordinary general meeting to be convened for the Shareholders to consider and, if thought fit, to approve, among others, the proposed issue of the Corporate Bonds and the proposed grant of general mandate to issue the Bonds, and the authorisation in relation thereto
“Hong Kong”	means	the Hong Kong Special Administrative Region of the PRC
“PRC”	means	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan Region
“RMB”	means	Renminbi, the lawful currency of the PRC

“Shareholders” means the shareholders of the Company

“USD” means United States dollars, the lawful currency of the United States

By order of the Board  
**Red Star Macalline Group Corporation Ltd.**  
**GUO Binghe**  
*Company Secretary*

Hong Kong  
31 July 2015

*As at the date of this announcement, the executive Directors of the Company are CHE Jianxing, ZHANG Qi, CHE Jianfang and JIANG Xiaozhong; the non-executive Directors are XU Guofeng, CHEN Shuhong, Joseph Raymond GAGNON, ZHANG Qiqi; and the independent non-executive Directors are ZHOU Qinye, LI Zhenning, DING Yuan, LEE Kwan Hung.*