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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)

(1) RESIGNATION OF THE CHAIRMAN OF THE SUPERVISORY COMMITTEE (2) APPOINTMENT OF EMPLOYEE REPRESENTATIVE SUPERVISOR (3) NOMINATION OF INDEPENDENT SUPERVISORS (4) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company announces that the Supervisory Committee received Mr. PAN Ning's resignation as the chairman of the Supervisory Committee and the Supervisor with effect upon the amendments to the Articles of Association becoming effective. Mr. PAN Ning was subsequently elected as an employee representative Supervisor at an employee representative meeting of the Company and his appointment will take effect upon the amendments to the Articles of Association becoming effective.

At the Supervisory Committee Meeting, the Supervisory Committee approved and proposed the nomination of Mr. CHEN Gang and Mr. ZHENG Hongtao as candidates for independent Supervisors of the Supervisory Committee. The appointments are subject to the approval of the Shareholders by way of ordinary resolutions at the EGM.

At the Board Meeting, the Board approved and proposed to amend the Articles of Association in relation to the change of the composition of the Supervisory Committee. The proposed amendments to the Articles of Association are subject to the approval of the Shareholders by way of a special resolution at the EGM.

A circular containing, among other things, further details of (i) the nomination of Mr. CHEN Gang and Mr. ZHENG Hongtao as candidates for independent Supervisors of the Supervisory Committee and (ii) the proposed amendments to the Articles of Association, together with a notice of the EGM, will be despatched to the Shareholders on 17 December 2015.

1. RESIGNATION OF THE CHAIRMAN OF THE SUPERVISORY COMMITTEE

The Company announces that Mr. PAN Ning has tendered his resignation to the Supervisory Committee and resigned from the position as the chairman of the Supervisory Committee and the Supervisor in order to meet the relevant requirements in relation to corporate governance structure published by the State Economic and Trade Commission (國產經濟貿易委員會) and the China Securities Regulatory Commission (中國證券監督管理委員會). Mr. PAN Ning's resignation will take effect upon the amendments to the Articles of Association becoming effective.

Mr. PAN Ning has confirmed that he has no disagreement with the Supervisory Committee and the Board, nor is there any matter that needs to be brought to the attention of the Shareholders. Mr. PAN Ning also confirmed that he does not have any action or claim, existing or pending, against the Company.

The Company would like to take this opportunity to thank Mr. PAN Ning for his significant contributions to the Company during his term of office.

2. APPOINTMENT OF EMPLOYEE REPRESENTATIVE SUPERVISOR

At an employee representative meeting of the Company, Mr. PAN Ning was elected as an employee representative Supervisor. His appointment will take effect upon the amendments to the Articles of Association becoming effective and his term of office will end upon the expiry of the term of the second session of the Supervisory Committee.

The biographical details of Mr. PAN Ning are set out as follows:

Mr. PAN Ning, aged 49, has been the chairman of the Supervisory Committee since February 2012. He was previously a vice general manager of the Company from June 2007 to December 2011, mainly responsible for overseeing the audit and evaluating investment decisions of the Company. Prior to joining the Company, Mr. PAN Ning worked as an officer successively at the Changzhou branch of the PBOC, the Changzhou branch of ICBC and Changzhou Commercial Bank from November 1983 to March 2002. Mr. PAN Ning served as a vice president of Red Star Furniture Group from 2002 to 2007, mainly responsible for corporate finance work.

Mr. PAN Ning completed a part-time course in finance at Jiangsu Radio and Television University (江蘇廣播電視大學) (now known as Jiangsu Open University (江蘇開放大學)) in July 1991 and a postgraduate course in monetary banking at Suzhou University (蘇州大學) in June 1998. He completed the "Senior Executive Program for China" jointly organized by CEIBS, Harvard Business School and the School of Economics and Management of Tsinghua University (清華大學經濟管理學院) in December 2009. Mr. PAN Ning was accredited by the Jiangsu branch of ICBC as an economist in June 1992.

Mr. PAN Ning will enter into a service agreement with the Company upon his appointment as the employee representative Supervisor becoming effective. He will not receive any remuneration during his term of office as the employee representative Supervisor but will only receive remuneration for his position as a senior management.

Save as disclosed above, Mr. PAN Ning did not hold any directorships in any public listed companies in the past three years. Mr. PAN Ning does not (i) have any relationships with any directors, supervisors, senior management, substantial shareholders of the Company (as defined in the Listing Rules) or controlling shareholders of the Company (as defined in the Listing Rules); (ii) have any interest in any shares of the Company within the meaning of Part XV of the SFO; or (iii) hold any other positions with the Group.

Save as disclosed herein, Mr. PAN Ning has confirmed that there are no matters pertaining to his appointment that need to be brought to the attention of the Shareholders, and there is no other information in relation to his appointment that is required to be disclosed pursuant to any provisions under Rule 13.51(2)(h) to (v) of the Listing Rules.

3. NOMINATION OF INDEPENDENT SUPERVISORS

Reference is made to the Prospectus in relation to the Company's plan to change the composition of the Supervisory Committee by appointing two or more independent Supervisors, who are independent of the Shareholders and do not hold any positions in the Group, to further enhance the Company's corporate governance.

At the Supervisory Committee Meeting, the Supervisory Committee approved and proposed the nomination of Mr. CHEN Gang and Mr. ZHENG Hongtao as candidates for independent Supervisors of the Supervisory Committee. The appointments are subject to the approval of the Shareholders by way of ordinary resolutions at the EGM. The terms of office for each of Mr. CHEN Gang and Mr. ZHENG Hongtao will commence upon the amendments to the Articles of Association becoming effective and end upon the expiry of the term of the second session of the Supervisory Committee.

The biographical details of Mr. CHEN Gang are set out as follows:

Mr. CHEN Gang (陳崗), aged 40, is accredited as a Chinese Certified Public Accountant by Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in November 2004. He has been the vice director of the securities research institute of the Fudan University (復旦大學) and the general manager of the investment banking division of Zhongshan Securities Co., Ltd. (中山證券有限責任公司) since January 2010. He has also been the general manager of the OTC Market division of Zhongshan Securities Co., Ltd. since January 2013. Mr. CHEN Gang served as the senior manager and director of the investment banking division of Huatai United Securities Co., Ltd. (華泰聯合證券有限責任公司), formerly known as United Securities Co., Ltd. (聯合證券有限責任公司) and the general manager of its investment banking (4) division of Shanghai from July 2001 to August 2006. He then served as the assistant general manager of the mergers and acquisitions and financing division of China Securities Co., Ltd. (中信建投證券股份有限公司) and the responsible person for its Shanghai branch from August 2006 to February 2007. From February 2007 to January 2010,

he first served as the vice general manager and successively the executive general manager of the investment banking division of Zhongtai Securities Co., Ltd. (中泰證券股份有限公司), formerly known as Qilu Securities Co., Ltd. (齊魯證券有限公司).

Mr. CHEN Gang participated in post-doctoral research in politics at the School of International Relations and Public Affairs of Fudan University from September 2009 to July 2012. He graduated from the School of Economics of Fudan University with a doctoral degree in economics in July 2009 and a master's degree in economics in July 2001. Mr. CHEN Gang graduated from the School of Humanities of Beijing University of Posts and Telecommunications (北京郵電大學) with a bachelor's degree in engineering in July 1998.

Mr. CHEN Gang is currently a part-time master tutor in the School of Economics of the Fudan University and a master tutor in Shanghai Advanced Institute of Finance (上海交通大學高級金融學院). He is also a member of the Tenth Session of the Central Finance and Economics Committee of China National Democratic Construction Association (中國民主建國會中央財政金融委員會). In September 2009, Mr. CHEN Gang was accredited by Jiangsu Office of Personnel (江蘇省人事廳) as a senior economist.

The biographical details of Mr. ZHENG Hongtao are set out as follows:

Mr. ZHENG Hongtao (鄭洪濤), aged 49, has been engaging in teaching and research work at Beijing National Accounting Institute (北京國家會計學院) as the director in charge of corporate governance and risk management center since July 2001. From July 1995 to December 1996, Mr. ZHENG Hongtao served as a teacher at Guangdong Zhongkai University of Technology and Economics (廣東仲愷技術經濟學院). He then served as a researcher at the Research Centre for Rural Economy (農業部農村經濟研究中心) from January 1997 to October 1997. From October 1997 to September 1998, Mr. ZHENG Hongtao served as project manager at the investment banking division of Everbright Securities Co., Ltd (光大證券股份有限公司).

Mr. ZHENG Hongtao participated in post-doctoral research in finance at Zhongnan University of Economics and Law (中南財經政法大學) from July 2002 to December 2006. He graduated from Huazhong Agricultural University (華中農業大學) with a doctoral degree in management in June 2001 and a master's degree in agriculture in June 1995. Mr. ZHENG Hongtao was named as a professor by the Ministry of Finance of the PRC (中華人民共和國財政部) in February 2010.

In the past three years, Mr. ZHENG Hongtao was the independent director of Tangshan Jidong Cement Co., Ltd (唐山冀東水泥股份有限公司) (stock code: SHE:000401) and Hebei Hengxin Mobile Business Co., Ltd. (恒信移動商務股份有限公司) (stock code: SHE:300081). He has also been the independent director of Beijing Taikong Panel Industry Corp (北京太空板業股份有限公司) (stock code: SHE: 300344) and Beijing Venustech Inc. (啟明星辰資訊技術集團股份有限公司) (stock code: SHE: 002439) since 2012 and 2014, respectively.

Each of Mr. CHEN Gang and Mr. ZHENG Hongtao will enter into a service agreement with the Company after the proposed ordinary resolutions regarding his appointment being passed at the EGM. Each of Mr. CHEN Gang and Mr. ZHENG Hongtao will receive independent Supervisor's remuneration in the amount of RMB180,000 per year during his term of office as an independent Supervisor.

Save as disclosed above, neither Mr. CHEN Gang or Mr. ZHENG Hongtao held any directorships in any public listed companies in the past three years. Neither Mr. CHEN Gang or Mr. ZHENG Hongtao (i) has any relationships with any directors, supervisors, senior management, substantial shareholders of the Company (as defined in the Listing Rules) or controlling shareholders of the Company (as defined in the Listing Rules); (ii) has any interest in any shares of the Company within the meaning of Part XV of the SFO; or (iii) holds any other positions with the Group.

Save as disclosed herein, each of Mr. CHEN Gang and Mr. ZHENG Hongtao has confirmed that there are no matters pertaining to his appointment that need to be brought to the attention of the Shareholders, and there is no other information in relation to his appointment that is required to be disclosed pursuant to any provisions under Rule 13.51(2)(h) to (v) of the Listing Rules.

4. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

At the Board Meeting, the Board approved and proposed to make amendments to the Articles of Association in relation to the proposed change of composition of the Supervisory Committee. Details regarding the proposed amendments to the Articles of Association are set out as follows:

Articles Before the Proposed Amendments	Amended Articles
<p>Article 74 of the Articles of Association</p> <p>“The following issues shall be approved by ordinary resolutions at a general meeting:</p> <p>(I) Work reports of the Board and the Supervisory Committee;</p> <p>(II) Profit distribution plans and loss recovery plans formulated by the Board;</p> <p>(III) Appointment and removal of the members of the Board and shareholder supervisors, their remuneration and the method of payment thereof;</p> <p>(IV) Annual budgets, final accounts, balance sheets, income statements, and other financial statements of the Company; and</p> <p>(V) Other issues than those that should be passed by special resolutions pursuant to laws, administrative regulations, the Listing Rules or the Articles of Association.”</p>	<p>Article 74 of the Articles of Association</p> <p>“The following issues shall be approved by ordinary resolutions at a general meeting:</p> <p>(I) Work reports of the Board and the Supervisory Committee;</p> <p>(II) Profit distribution plans and loss recovery plans formulated by the Board;</p> <p>(III) Appointment and removal of the members of the Board and <u>supervisors who are not the employee representatives</u>, their remuneration and the method of payment thereof;</p> <p>(IV) Annual budgets, final accounts, balance sheets, income statements, and other financial statements of the Company; and</p> <p>(V) Other issues than those that should be passed by special resolutions pursuant to laws, administrative regulations, the Listing Rules or the Articles of Association.”</p>
<p>Article 119 of the Articles of Association</p> <p>“The Supervisory Committee shall comprise three members, including one chairman. The term of office of a supervisor shall be three years, and is renewable upon re-election.</p> <p>The chairman shall be appointed or removed by the votes of more than two-thirds of the members of the Supervisory Committee.”</p>	<p>Article 119 of the Articles of Association</p> <p>“The Supervisory Committee shall comprise <u>five</u> members, including one chairman. The term of office of a supervisor shall be three years, and is renewable upon re-election.</p> <p>The chairman shall be appointed or removed by the votes of more than two-thirds of the members of the Supervisory Committee.”</p>

Articles Before the Proposed Amendments	Amended Articles
<p data-bbox="148 136 775 170">Article 120 of the Articles of Association</p> <p data-bbox="148 226 815 517">“Employee representatives serving as supervisors shall not be less than one-third of the supervisors and shall be elected democratically and removed by the employees of the Company; while other supervisors shall be elected at a general meeting of the Company.”</p>	<p data-bbox="842 136 1465 170">Article 120 of the Articles of Association</p> <p data-bbox="842 226 1508 896">“<u>External supervisors of the members of Supervisory Committee (refer to supervisors who do not hold any position in the Company) shall be more than half of the supervisors and more than two members shall be independent supervisors (refer to supervisors who are independent from the shareholders of the Company and do not hold any position in the Company).</u> Employee representatives serving as supervisors shall not be less than one-third of the supervisors and shall be elected democratically and removed by the employees of the Company; while other supervisors shall be elected at a general meeting of the Company.”</p>

The proposed amendments to the Articles of Association are subject to the approval by the Shareholders by way of a special resolution at the EGM. Prior to the proposed amendments to the Articles of Association becoming effective, the existing Articles of Association will continue to be in force.

A circular containing, among other things, further details of (i) the nomination of Mr. CHEN Gang and Mr. ZHENG Hongtao as candidates for independent Supervisors of the Supervisory Committee and (ii) the proposed amendments to the Articles of Association in relation to the change of the composition of the Supervisory Committee, together with a notice of the EGM, will be despatched to the Shareholders on 17 December 2015.

DEFINITIONS

“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board”	the board of directors of the Company
“Board Meeting”	the meeting of the Board held on 17 December 2015
“Company”	Red Star Macalline Group Corporation Ltd., a sino-foreign joint stock limited company incorporated in the PRC, the H Shares of which are listed and traded on the Main Board of the Stock Exchange

“EGM”	the 2016 first extraordinary general meeting of the Company to be held at 10:00 a.m. on Sunday, 31 January 2016, at 27/F Red Star World Trade Building, No. 598, Nujiang Road North, Putuo District Shanghai, PRC
“Group”	the Company and its subsidiaries
“H Share(s)”	means overseas-listed foreign invested ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which is/are listed and traded on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated 16 June 2015
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“Supervisory Committee Meeting”	the meeting of the Supervisory Committee held on 17 December 2015

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

Hong Kong
17 December 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.