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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt about any of the contents of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your H Shares in **Red Star Macalline Group Corporation Ltd.**, you should at once hand this circular together with the form of proxy and reply slip to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

**Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.**

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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) ELECTION OF INDEPENDENT SUPERVISORS**  
**(2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**  
**AND**  
**NOTICE OF THE 2016 FIRST EXTRAORDINARY GENERAL MEETING**

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A letter from the Board is set out on pages 2 to 6 of this circular. A notice convening the EGM 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, People's Republic of China (the "PRC"), is being dispatched to the Shareholders together with this circular.

If you intend to attend the EGM, please complete and return the reply slip in accordance with the instructions printed thereon as soon as possible and in any event by no later than Monday, 11 January 2016.

Shareholders who intend to appoint a proxy to attend the EGM shall complete and return the proxy form in accordance with the instructions printed thereon. The proxy form must be signed by you or your attorney duly authorised in writing or, in case of a legal person, must either be executed under its seal or under the hand of its director or other attorney duly authorised to sign the same. If the proxy form is signed by an attorney of the appointor, the power of attorney authorising that attorney to sign, or other document of authorisation, must be notarially certified.

In the case of joint holders of shares of the Company, only the holder whose name stands first in the register of members of the Company shall alone be entitled to vote at the EGM, either in person or by proxy in respect of such shares.

For holders of H Shares, please return the proxy form together with any documents of authority to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, and in any event not later than 24 hours before the time appointed for holding the EGM. For holders of Domestic Shares, please return the proxy form together with any documents of authority to the registered office of the Company in the PRC at Suite F801, 6/F, No. 518, Linyu Road, Pudong New District, Shanghai, PRC as soon as possible, and in any event not later than 24 hours before the time appointed for holding the EGM. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

17 December 2015

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following terms shall have the following meanings:*

“Articles of Association”	means the articles of association of the Company, as amended from time to time
“Board”	means the board of directors of the Company
“Board Meeting”	means the meeting of the Board held on 17 December 2015
“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, the H Shares of which are listed and traded on the Main Board of the Stock Exchange
“Domestic Shares”	means ordinary share(s) issued by the Company, with a RMB denominated nominal value of RMB1.00 each, which are subscribed for and paid up in RMB
“EGM”	means 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”	means 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”	means the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	means the People’s Republic of China
“Prospectus”	means the prospectus of the Company dated 16 June 2015
“RMB”	means Renminbi, the lawful currency of the PRC
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	means the holder(s) of the shares of the Company
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	means supervisor(s) of the Supervisory Committee
“Supervisory Committee”	means the supervisory committee of the Company
“Supervisory Committee Meeting”	means the meeting of the Supervisory Committee held on 17 December 2015



**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)

**Executive Director:**

Mr. Che Jianxing  
Ms. Zhang Qi  
Ms. Che Jianfang  
Mr. Jiang Xiaozhong

**Registered office in the PRC:**

Suite F801, 6/F  
No. 518, Linyu Road  
Pudong New District  
Shanghai  
PRC

**Non-executive Directors:**

Mr. Xu Guofeng  
Ms. Chen Shuhong  
Mr. Joseph Raymond Gagnon  
Mr. Zhang Qiqi

**Principal place of business in Hong Kong:**

36/F, Tower 2  
Times Square  
1 Matheson Street  
Causeway Bay, Hong Kong

**Independent non-executive Directors:**

Mr. Zhou Qinye  
Mr. Li Zhenning  
Mr. Ding Yuan  
Mr. Lee Kwan Hung

17 December 2015

*To the Shareholders*

Dear Sir or Madam,

**(1) ELECTION OF INDEPENDENT SUPERVISORS  
(2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION  
AND  
NOTICE OF THE 2016 FIRST EXTRAORDINARY GENERAL MEETING**

**I. INTRODUCTION**

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 position in the Group, to further enhance the Company's corporate governance, and the announcement of the Company dated 17 December 2015 in which the Supervisory Committee has approved and proposed (a) the nomination of independent Supervisors and the Board has approved and proposed (b) the amendments to the Articles of Association.

The purpose of this circular is to provide you with the information regarding, among other things, detailed information regarding (i) the election of Mr. CHEN Gang and Mr. ZHENG Hongtao as independent Supervisors and (ii) the proposed amendments to the Articles of Association in relation to the change of composition of the Supervisory Committee to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the EGM.

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## LETTER FROM THE BOARD

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### II. ELECTION OF INDEPENDENT SUPERVISORS

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. An ordinary resolution will be proposed at the EGM to consider and approve the appointment of each of Mr. CHEN Gang and Mr. ZHENG Hongtao as an independent Supervisor. The term 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.

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## LETTER FROM THE BOARD

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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.

### III. 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 change of composition of the Supervisory Committee. A special resolution will be proposed at the EGM to consider and approve the proposed amendments to the Articles of Association. Details regarding the proposed amendments to the Articles of Association are set out as follows:

Articles Before the Proposed Amendments	Amended Articles
<p><b>Article 74 of the Articles of Association</b></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><b>Article 74 of the Articles of Association</b></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 <b>supervisors who are not the employee representatives</b>, 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>

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## LETTER FROM THE BOARD

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Articles Before the Proposed Amendments	Amended Articles
<p><b>Article 119 of the Articles of Association</b></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><b>Article 119 of the Articles of Association</b></p> <p>“The Supervisory Committee shall comprise <b>five</b> 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><b>Article 120 of the Articles of Association</b></p> <p>“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><b>Article 120 of the Articles of Association</b></p> <p><b><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></b> 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>

#### IV. THE EGM

A notice of the EGM to be held at 10:00 a.m. on Sunday, 31 January 2016 at 27/F Red Star World Trade Building, No. 598, Nuijiang Road North, Putuo District, Shanghai, PRC is set out on pages 7 to 8 of this circular.

A reply slip and a proxy form to be used at the EGM are also enclosed herein and published on the website of the Stock Exchange ([www.hkexnews.com.hk](http://www.hkexnews.com.hk)). Shareholders who intend to appoint a proxy to attend the EGM shall complete, sign and return the proxy form in accordance with the instructions printed thereon.

For holders of H Shares, the proxy form, and if the proxy form is signed by a person under a power of attorney or other authority on behalf of the appointor, a notarially certified copy of that power of attorney or other authority, must be delivered to the Company’s H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not less than 24 hours before the time for holding the EGM in order for such documents to be valid. For holders of Domestic Shares, the proxy form, and if the proxy form is signed by a person under a power of attorney or other authority on behalf of the appointor, a notarially certified copy of that power of attorney or other authority, must be delivered to the registered office of the Company in the PRC at Suite F801, 6/F, No. 518, Linyu Road, Pudong New District, Shanghai, PRC, not less than 24 hours before the time for holding the EGM in order for such documents to be valid.

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## LETTER FROM THE BOARD

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Holders of H Shares and Domestic Shares, who intend to attend the EGM must complete the reply slip and return it to the H Shares Registrar of the Company (for holders of H Shares) and to the registered office of the Company in PRC (for holders of Domestic Shares) not later than 20 days before the date of the EGM, i.e. no later than Monday, 11 January 2016.

Pursuant to the Articles of Association, for the purpose of holding the EGM, the register of members of H Shares will be closed from Friday, 1 January 2016 to Sunday, 31 January 2016 (both days inclusive), during which period no transfer of H Shares will be registered. Shareholders whose names appear on the register of members of the Company on Thursday, 31 December 2015 after close of business are entitled to attend and vote at the EGM.

In order to attend the EGM, holders of H Shares shall lodge all transfer documents together with the relevant share certificates to Computershare Hong Kong Investor Services Limited, the Company's H Share registrar, at Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Thursday, 31 December 2015.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the resolutions proposed at the EGM to approve the election of independent Supervisors and the proposed amendments to the Articles of Association will be voted by poll.

### **V. RECOMMENDATION**

The directors of the Company consider that the aforesaid resolutions regarding the election of independent Supervisors and the proposed amendments to the Articles of Association are in the interests of the Company and the Shareholders as a whole and accordingly, recommend the Shareholders to vote in favor of the relevant resolutions to be proposed at the EGM.

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

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## NOTICE OF THE 2016 FIRST EGM

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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)

### NOTICE OF THE 2016 FIRST EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 2016 first extraordinary general meeting (the “EGM”) of Red Star Macalline Group Corporation Ltd. (the “Company”) will 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, People's Republic of China (the “PRC”) for the purpose of considering, and if thought fit, passing the following resolutions:

#### SPECIAL RESOLUTION

1. To consider and approve the amendments to the articles of association of the Company.

#### ORDINARY RESOLUTIONS

2. To consider and approve the appointment of Mr. CHEN Gang as an independent supervisor of the supervisory committee of the Company; and
3. To consider and approve the appointment of Mr. ZHENG Hongtao as an independent supervisor of the supervisory committee of the Company.

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

Hong Kong  
17 December 2015

*Notes:*

1. For the purpose of holding the EGM, the register of members of H Shares of the Company will be closed from Friday, 1 January 2016 to Sunday, 31 January 2016 (both days inclusive), during which period no transfer of H Shares of the Company can be registered.

In order to be qualified to attend and vote at the EGM, for holders of H Shares of the Company, all transfer documents accompanied by the relevant share certificates must be lodged with the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at Room 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Thursday, 31 December 2015.

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## NOTICE OF THE 2016 FIRST EGM

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The Shareholders whose names appear on the register of members of the Company on Thursday, 31 December 2015 after close of business are entitled to attend and vote at the EGM.

2. Shareholders who are entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote on their behalves. A proxy need not be a member of the Company.
3. The instrument appointing a proxy must be in writing under the hand of a Shareholder or his attorney duly authorised in writing. If the Shareholder is a legal person, that instrument must be executed either under its seal or under the hand of its director or other attorney duly authorised to sign the same on its behalf.
4. In order to be valid, the proxy form must be deposited, for holders of H Shares of the Company, to the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or for holders of Domestic Shares of the Company, to the registered office of the Company in the PRC not less than 24 hours before the time for holding the EGM. If the proxy form is signed by a person under a power of attorney or other authority, a notarially certified copy of that power of attorney or other authority shall be deposited at the same time as mentioned in the proxy form. Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the EGM or any adjourned meetings should they so wish.
5. Shareholders shall produce their identity documents and supporting documents in respect of the shares of the Company held when attending the EGM. If corporate Shareholders appoint authorised representative to attend the EGM, the authorised representative shall produce his/her identity documents and a notarially certified copy of the relevant authorisation instrument signed by the board of directors or other authorised parties of the corporate Shareholders or other notarially certified documents allowed by the Company. Proxies shall produce their identity documents and the proxy form signed by the Shareholders or their attorney when attending the EGM.
6. Shareholders who intend to attend the EGM should complete the reply slip and return it to the office of the H Share Registrar of the Company (for holders of H Shares) and the registered office of the Company in the PRC (for holders of Domestic Shares) by hand, by post or by fax on or before Monday, 11 January 2016.
7. The EGM is expected to take for less than half a day. Shareholders attending the EGM shall be responsible for their own travel and accommodation expenses.
8. All voting at the EGM will be conducted by poll.