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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 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.

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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)

WORK REPORT OF THE BOARD FOR 2015 WORK REPORT OF THE SUPERVISORY COMMITTEE FOR 2015 DISTRIBUTION OF FINAL DIVIDENDS FOR 2015 RE-APPOINTMENT OF EXTERNAL AUDITORS AND DETERMINATION OF ITS REMUNERATION FOR 2016 AND NOTICE OF THE 2015 AGM

A letter from the Board is set out on pages 3 to 5 of this circular. A notice convening the AGM to be held at 10 a.m. on Wednesday, 8 June 2016 at JW Marriott Hotel Shanghai Changfeng Park, 158 Da Du He Road, 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 AGM, 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 Thursday, 19 May 2016.

Shareholders who intend to appoint a proxy to attend the AGM 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 AGM, 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 AGM. 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 AGM. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

21 April 2016

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DEFINITIONS

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

“AGM” or “Annual General Meeting”	means the annual general meeting for 2015 of the Company to be held at 10 a.m. on Wednesday, 8 June 2016 at JW Marriott Hotel Shanghai Changfeng Park, 158 Da Du He Road, Putuo District, Shanghai, the PRC
“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 Monday, 21 March 2016
“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
“Director(s)”	means the director(s) of the Company
“Domestic Share(s)”	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
“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
“HK\$” or “HK dollars”	means Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	means the People’s Republic of China
“Prospectus”	means the prospectus of the Company dated 16 June 2015
“Record Date”	means 20 June 2016
“RMB”	means Renminbi, the lawful currency of the PRC
“Shareholder(s)”	means the holder(s) of the shares of the Company
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited

DEFINITIONS

“subsidiary(ies)” has the meanings ascribed to it under the Listing Rules

“Supervisor(s)” means the supervisor(s) of the Supervisory Committee

“Supervisory Committee” means the supervisory committee of the Company



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 Directors:

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

Non-executive Directors:

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

Independent non-executive Directors:

Mr. Li Zhenning
Mr. Ding Yuan
Mr. Lee Kwan Hung
Mr. Qian Shizheng

Registered office in the PRC:

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

Principal place of business

in Hong Kong:

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

21 April 2016

To the Shareholders

Dear Sir or Madam,

**WORK REPORT OF THE BOARD FOR 2015
WORK REPORT OF THE SUPERVISORY COMMITTEE FOR 2015
DISTRIBUTION OF FINAL DIVIDENDS FOR 2015
RE-APPOINTMENT OF EXTERNAL AUDITORS AND
DETERMINATION OF ITS REMUNERATION FOR 2016
AND
NOTICE OF THE 2015 AGM**

I. INTRODUCTION

The purpose of this circular is to provide you with the notice of AGM and the information on certain proposed resolutions to be considered at the AGM so that you are able to make an informed decision on whether to vote for or against those resolutions at the AGM.

LETTER FROM THE BOARD

2. MATTERS TO BE CONSIDERED AT THE AGM

Ordinary resolutions to be proposed at the AGM for the Shareholders to consider and approve include: (a) work report of the Board for 2015; (b) work report of the Supervisory Committee for 2015; (c) distribution of final dividends for 2015 and (d) re-appointment of external auditors and determination of its remuneration for 2016.

Details of the matters to be considered at the AGM are set out on pages 6 to 7 in this circular. In order to enable you to have a better understanding of the resolutions to be proposed at the AGM and to make well-informed decisions, the Company has provided detailed information in this circular, including matters to be considered at the 2015 AGM (see Appendix I), the work report of the Board for 2015 (see Appendix II) and the work report of the Supervisory Committee for 2015 (see Appendix III).

3. AGM

A notice of the AGM to be held at 10 a.m. on Wednesday, 8 June 2016 at JW Marriott Hotel Shanghai Changfeng Park, 158 Da Du He Road, Putuo District, Shanghai, the PRC is set out on pages 17 to 18 of this circular.

A reply slip and a proxy form to be used at the AGM are also enclosed herein and published on the website of the Stock Exchange (www.hkexnews.com.hk). Shareholders who intend to appoint a proxy to attend the AGM 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 AGM 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 AGM in order for such documents to be valid.

Holders of H Shares and Domestic Shares, who intend to attend the AGM must complete the reply slip and return it to the office of the H Share Register of the Company (for holders of H Shares) and the registered office of the Company in the PRC, for holders of Domestic Shares) not later than 20 days before the date of the AGM, i.e. no later than Thursday, 19 May 2016.

Pursuant to the Articles of Association, for the purpose of holding the AGM, the register of members of H Shares will be closed from Monday, 9 May 2016 to Wednesday, 8 June 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 Friday, 6 May 2016 are entitled to attend and vote at the AGM.

LETTER FROM THE BOARD

In order to attend the AGM, 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 Friday, 6 May 2016.

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 AGM will be voted by poll.

4. RECOMMENDATION

The Directors consider that all resolutions set out in the notice of AGM for consideration and approval by Shareholders are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all resolutions to be proposed at the AGM.

5. RESPONSIBILITY STATEMENT

This circular for which the Directors collectively and individually accept full responsibility, provides information in relation to the Company in compliance with the Listing Rules. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

By order of the Board
RED STAR MACALLINE GROUP CORPORATION LTD.
GUO BINGHE
Company Secretary

A. TO CONSIDER AND APPROVE THE WORK REPORT OF THE BOARD FOR 2015

The work report of the Board for 2015 was considered and approved at the Board Meeting and is hereby proposed at the AGM for Shareholders' consideration and approval, details of which are set out in Appendix II of this circular.

B. TO CONSIDER AND APPROVE THE WORK REPORT OF THE SUPERVISORY COMMITTEE FOR 2015

The work report of the Supervisory Committee for 2015 was considered and approved by the Supervisory Committee on 21 March 2016 and is hereby proposed at the AGM for Shareholders' consideration and approval, details of which are set out in Appendix III of this circular.

C. TO CONSIDER AND APPROVE THE DISTRIBUTION OF FINAL DIVIDENDS FOR 2015

Based on the audited results of 2015 and in accordance with the requirements of relevant laws and regulations and the Articles of Association, the proposed distribution of final dividends for 2015 is as follows: on the basis of the total share capital of 3,623,917,038 Shares (including 2,561,103,969 Domestic Shares and 1,062,813,069 H Shares) as at 31 December 2015, a cash dividend of RMB0.47 per Shares (tax inclusive) is proposed to be distributed to holders of Domestic Shares and H Shares whose names appear on the Company's register of members on the Record Date. The final dividends for 2015 amount to RMB1,703,241,007.86 (tax inclusive) in total.

The distribution of final dividends for 2015 will be denominated and declared in RMB, and paid in RMB and in HK dollars to holders of Domestic Shares and holders of H Shares, respectively. The actual amount distributed in HK dollars will be calculated based on the average benchmark exchange rate of RMB against HK dollar announced by the People's Bank of China in the five working days prior to the date of the AGM.

The above distribution of final dividends for 2015 was considered and approved at the Board Meeting and is hereby proposed at the AGM for Shareholders' consideration and approval.

For the purpose of determining the entitlement of holders of H Shares to the final dividends for 2015, the H Share register of members of the Company will be closed from Wednesday, 15 June 2016 to Monday, 20 June 2016 (both days inclusive), during which period no transfer of H Shares will be registered. Shareholders whose names appear on the H Share register of members of the Company on Monday, 20 June 2016 are entitled to the final dividends for 2015. In order to be entitled to receive the final dividends for 2015, all share certificates, together with the instruments of transfers, must be lodged for registration with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited (for holders of H Shares) at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Tuesday, 14 June 2016.

The final dividends for 2015, if approved by the Shareholders of the Company at the AGM, is expected to be paid on or about Friday, 29 July 2016 to Shareholders whose names appear on the Share register of members of the Company on Monday, 20 June 2016.

D. TO CONSIDER AND APPROVE RE-APPOINTMENT OF EXTERNAL AUDITORS AND DETERMINATION OF ITS REMUNERATION FOR 2016

The Company proposes to re-appoint Deloitte Touche Tohmatsu Certified Public Accountants LLP/Deloitte Touche Tohmatsu (hereinafter referred to as “Deloitte”) as the domestic and international auditors of the Company respectively for the year 2016 until conclusion of the next annual general meeting.

With regard to its remuneration, the exact amount to be paid to Deloitte will be determined by the Board based on the services provided by Deloitte for the year 2016 with reference to, *inter alia*, the remuneration paid to Deloitte as the Company’s and its subsidiaries’ external auditors in the previous years and general market rates.

The above resolution was considered and approved at the Board Meeting and is hereby proposed at the AGM for consideration and approval by the Shareholders.

WORK REPORT OF THE BOARD FOR 2015

In 2015, the Board led the management in achieving good operational and financial results by actively responding to challenges and taking the initiative to bring reforms and innovation. In respect of corporate governance, the Board was strictly in compliance with the company laws, listing rules and requirements of corporate rules and systems, performed their responsibilities and safeguarded the overall interests of all shareholders and the Company. The major work of the Board in 2015 are presented as follows, the capitalised terms used herein shall have the same meanings as those defined in the 2015 annual report of the Company:

I. MAJOR WORK OF THE BOARD IN 2015

During the year ended 31 December 2015 and up to the date of this circular, the Board convened 8 Shareholders' meetings, at which 43 resolutions were considered and passed, and held 26 meetings of the Board, at which 134 resolutions were considered. For the four special committees under the Board, the strategy and investment committee held one meeting; the audit committee held two meetings; the remuneration and evaluation committee held four meetings; and the nomination committee held two meetings. For further details in relation to matters reviewed and discussed, please refer to the 2015 annual report of the Company.

During the year, the Board is responsible for the general meeting of Shareholders and perform the following duties: to approve and supervise all policy issues, overall strategy, budgeting, internal control and risk management system, material transactions (especially the transactions in which the parties with conflict of interest may be involved), director appointment and other material financial and operating affairs. The Directors may seek for independent professional opinions when fulfilling their duties, and the cost will be borne by the Company. The Company also encourages the Directors to seek independent consultation with senior management of the Company.

II. RESULTS IN 2015

1. CONTINUOUS GROWTH IN FINANCIAL RESULTS

The rapid growth trend for the past few years is maintained in the financial results in 2015. The Company's revenue amounted to RMB8,756 million in 2015, representing an increase of 10.3% from RMB7,935 million in 2014; profit attributable to owners of the Company amounted to RMB4,098 million in 2015, representing an increase of 12.8% from RMB3,633 million in 2014; core net profit attributable to owners of the Company amounted to RMB2,553 million in 2015, representing an increase of 20.1% from RMB2,125 million in 2014; core net profit margin attributable to owners of the Company was 29.2% in 2015, representing an increase of 2.4 percentage points over 2014.

2. STABLE DEVELOPMENT OF OUR NETWORK OF SHOPPING MALLS AND ESTABLISHMENT OF ABSOLUTE MARKET LEADERSHIP

As of the end of 2015, we operated 177 shopping malls (including 55 Portfolio Shopping Malls and 122 Managed Shopping Malls) with a total operating area of 11.66 million sq. in 126 cities in 28 provinces, municipalities, and autonomous regions in China. The Portfolio Shopping Malls and

Managed Shopping Malls have an occupancy rate of 94.1% and 92.7% respectively, and the same mall growth of mature Portfolio Shopping Malls was 6%. We have adopted the two-pronged business model of Portfolio Shopping Malls and Managed Shopping Malls to strategically locate our portfolio properties in prime locations in Tier I and Tier II Cities, especially in municipalities. At the same time, we have accumulated extensive experience in operating shopping malls, constantly strengthened the brand value, and set a relatively high barrier of entry for other companies. In 2015, the managed revenue share of the Company amounted to 36%, representing an increase of 0.8 percentage points over 2014. As of the end of 2015, the number of shopping malls under our operation exceeded the sum of Easy Home and Yuexing Home ranking the second and third respectively in the industry. The Company continued to establish its absolute market leadership in the home improvement and furnishings industry.

3. SUCCESS IN ENTERING INTO THE INTERNATIONAL CAPITAL MARKET

Our listing plan was highly recognized in the international capital market, and certain famous international and domestic investors and business partners turned to be our H shareholders. The Company issued 543.6 million shares at the price of HKD13.28 per share through global offering, and was successfully listed on the Stock Exchange on 26 June 2015. Net proceeds from the global offering amounted to RMB5,573.3 million, which laid a solid foundation for the Company to further expand and strengthen the business of Portfolio Shopping Malls, enhance the business application of information technologies, and effectively reduce financial costs.

4. THE COMPANY HAS ACCUMULATED EXPERIENCE IN OPERATING SHOPPING MALLS AND MANAGEMENT

(1) Tenant sourcing management

The Company set up an analysis model for rent determination and fully implemented classified pricing of exhibition space to lean rental management, synchronized its contract management system with the tenant sourcing business management system to achieve financial and business integration, introduced international brands, opened international pavilions and developed a multi-business operation mode to meet the customers' demands of one-stop shopping experience, and provided customized business analysis and recommendations for the brand factories to achieve management of brand resources and value-added services for key customers.

(2) Operational management

The Company improved customer satisfaction through projects of “word of mouth advertising” and “quality shopping mall operations system.” In addition, the Company continually launched “race for green” campaigns to enhance the quality of customers' green living.

(3) Marketing management

The Company is committed to improving the brand value, popularity and sales of Red Star Macalline, and maintaining a good relationship with the consumers by means of brand promotion, membership management, digital marketing, joint marketing and cross-industry cooperation.

(4) *Property management*

The Company advocated its belief in energy saving and environmental protection, and devoted itself to constructing energy-saving and environmental properties and “green” shopping malls. Also, the Company effectively monitored safety-related risks and continued to raise safety standards in shopping malls.

5. ACTIVELY PROMOTING MULTIPLE-CHANNELS BUSINESS

(1) *Focusing on the construction of O2O platform*

The Company is constantly committed to being the industry leader for consumer experience. Online platform is a significant strategic measure which aims to expand communication between consumers and the Company and increase overall consumer satisfaction. The offline shopping malls still constituted an integral part of consumer experience and purchasing decisions. Therefore, online platforms will most likely succeed only by combining with the offline shopping malls. The Company’s O2O platform focuses on the consumer experience and enhances consumer loyalty through online and offline interaction.

(2) *Developing pre-paid cards*

In addition to self-owned distribution channels, the Company put more efforts in promoting pre-paid card business through multi-channels. The Company established good cooperation relationships with commercial banks and consumer financing companies to jointly promote the home loan business, which pinned consumption in advance, and engaged in extensive interaction with real estate developers and agents during the process. The Company’s pre-paid card business also brought good synergies with the Company’s bulk procurement, home design, E-commerce and other businesses and enhanced consumers’ loyalty to the Company.

(3) *New Internet finance*

As an important part of the Group’s Internet strategy, the Company established Shanghai Jiajinsuo Financial Information Services Co. Ltd (“HomeFax”). HomeFax is an Internet financial information service platform catering for the financing demands of the Company’s shopping mall partners, houseware factories, tenants and etc.. In addition, to further leverage on the Company’s extensive consumer base and also appeal to the increasing need for consumer financing in the high-end home improvement and furnishings retail industry, the Company cooperates with big commercial banks to provide consumer loans and provide installment services for consumers.

(4) *Home design and decoration service*

As the industry pioneer in transformation and upgrade, the Company’s home design and decoration business aims to integrate the upstream and downstream industrial chain in home decoration industry. Based on home furnishing shopping malls as the platform and the Company’s great brand impact, the Company provided full services integrating home furnishing design planning, sale of materials and furniture and construction service for consumers, in order to improve the shopping experiences of consumers, and drive sales in shopping malls.

(5) *Providing bulk procurement service*

By relying on years of long-term relationship with suppliers, professional experience in home improvement and furnishings industry and the advantage of having bargaining power in bulk procurement, the Company provide regional real estate developers, hotels, enterprise and institutions with bulk procurement service, in order to meet customers' multiple needs and achieve resources sharing.

(6) *Uniform logistics service*

The Company improved the distribution, installation and after-sale services, namely "the last kilometer", for the purpose of integrating upstream and downstream segments of home furnishing industry and enhancing customer satisfaction.

6. COMMERCIAL USAGE OF INFORMATION TECHNOLOGY

Regarding information technology application, the Company continued to promote the Star Cloud, referring to the first ERP system used in the home improvement and furnishings industry. At present, there are 136 shopping malls which have been entirely uploaded onto the Star Cloud. Through the Star Cloud, the Company collected, analyzed and utilized information regarding the customers, transactions and consumer behaviors by the "big data technology", so as to adopt more targeted and competitive operational strategies, enhance lean management, effectively increase income and save costs, so as to allow the Group to achieve business innovation and resource sharing.

7. HIGH EFFICIENCY OF HUMAN RESOURCES MANAGEMENT POLICIES

Human resources policies of the Company were strictly in line with its strategies and achieved success in a number of aspects, such as optimization in overall performance, employee motivation and talent development and support, as well as industry talents training.

III. DEVELOPMENT PLAN FOR 2016 AND THE FUTURE

The Company has persistently adhered to its mission of "building a warm and harmonious homeland, enhancing consumption and living taste". From 2016 onwards, the Company will continue to follow the operation and management mode of "market-oriented management and shopping mall management", so as to continuously strengthen cooperation with the home improvement and furnishings manufacturers and distributors, and persistently optimize the structure of brands operated by the Company in home improvement and furnishings shopping malls. By means of the methods of precision marketing and cross-sector cooperation etc., the Company can provide consumers with better services and better understanding of home culture.

In the future, the Company will continue to vigorously develop the asset-light business model and strategically expand the network of shopping malls nationwide to further enhance the Company's market share, and thereby persistently strengthen the Company's market leadership in China's home improvement and furnishings industry. Meanwhile, the Company will gradually expand the application of the Internet in the home business based on the physical home shopping malls network and strengthen the Red Star Macalline brand as the expert of home living in the minds of consumers with integrated online and offline

operations. Ultimately, the Company can realize its enterprise development goal of building China's most advanced and professional "all-channel platform provider of home improvement and furnishings industry". The Company's future development plans are as follows:

I. CONTINUE THE IMPLEMENTATION OF TWO-PRONGED BUSINESS MODEL OF PORTFOLIO SHOPPING MALLS AND MANAGED SHOPPING MALLS; STRENGTHEN THE MARKET LEADERSHIP THROUGH STRATEGIC EXPANSION OF SHOPPING MALL NETWORK AND BRAND PORTFOLIO

In terms of shopping mall network construction, the Company will further strengthen the market leading position in Tier I and II Cities through self-operation mode, and continue to selectively open new home shopping malls in the core cities; at the same time, by relying on the sound brand reputation, mature shopping mall development, tenant sourcing and operation and management capabilities in the home improvement and furnishings industry, the Company shall quickly penetrate into the Tier III Cities and other cities through the asset-light managed business model, so as to further expand the operation coverage of companies in the country; thus rapidly accelerate market penetration.

In terms of brand portfolio construction, the Company will invest in parallel to the core brand of new brand "Red Star Macalline" to achieve the diversification strategy and to cover a wider range of consumer groups and market segments, with a view to further enhancing the market share rate. The multi-brand strategy is also more conducive to tenant sourcing in the home shopping malls and optimization of the tenant management of the Company.

2. FOCUS ON THE MOST IMPORTANT TWO ENDS AS THE PLATFORM OPERATOR

For consumers, the Company will focus on building O2O platform and continue the construction of membership system, so as to provide customers with the honored and all-channel consumer experience; for suppliers and distributors, the Company will continue to cooperate closely with the suppliers of home brands and found Green Alliance Organization, so that the Company can carry out joint marketing activities and strengthen the industry interactions.

3. VIGOROUSLY DEVELOP INTERNET-RELATED O2O PLATFORM BUSINESS, HOME DESIGN AND DECORATION BUSINESS AND CONSUMER FINANCING

In terms of O2O platform business, the Company will provide offline purchasing of consumers with the more convenient and more real-time online shopping guide, the free learning of decoration knowledge, price discounts as well as the service support. Through the promotion of "interconnection" retail, it can provide perfect retail experience in various forms, so as to drive more online and offline consumption.

In respect of home design and decoration business, the Company has carried out the home decoration business through its holding subsidiary Shanghai Betterhome Decoration Engineering Co., Ltd ("BetterHome"). It planned to gradually expand the operation scale of its home improvement business so as to create synergies with the existing home shopping business through the integrated home services provided by BetterHome; thus bringing more traffic to home shopping malls. Meanwhile, the Company planned to utilize the Internet technology to establish Internet home improvement platform, and provide the physical exhibition space by using the layout of the Group's 177 shopping malls across the country. Therefore, it can enhance the online and offline interaction of home improvement industry, further promote the development of the current major business of the Group, and improve the overall quality of services.

In the aspect of consumer financing, with the understanding of consumer needs, risk appetite, credit status and the analysis of consumer behaviors, the Company planned to expand the consumer finance market of home improvement and furnishings industry, so as to further enrich the content of our Internet strategy product.

4. VIGOROUSLY CARRY OUT THE SUPPLY CHAIN-RELATED PRODUCTS AND SERVICES

In respect of logistics and distribution services, the Company planned to offer the standardized and professional logistics and distribution services to home shopping mall tenants, so as to reduce their operating costs and establish the closer partnership with them for the win-win situation. The Company has set up the pilot logistics center in Shijiazhuang, Hebei Province, and planned to gradually establish the warehousing and logistics centers in other cities with a view to provide logistics and distribution services to home shopping malls; thus expanding the unified logistics and distribution services scope to key national cities of household consumption, and establishing the comprehensive service system.

With regard to bulk procurement, the Company will develop the centralized purchasing platform and meet the needs of small and medium sized enterprises.

5. ACTIVELY SEEK SUITABLE INVESTMENT AND ACQUISITION TARGETS

The Company will deeply integrate the upper and downstream resource of home decoration and furniture industry, expand the scale of enterprises and enhance the enterprise strength.

6. ACTIVELY CARRY OUT INFORMATION CONSTRUCTION

Focusing on the Company's Internet strategy, the information construction will highlight four topics: comprehensive datamation, unification of business processes, application instrumentalization, and the implementation of the basic informatization, and strive to build the service platforms such as O2O platform, home design and decoration, Internet finance and so on and the Group can share the platforms of members, users, data, commodities, payment services, etc. in a unified manner, and strengthen the Group's control functions in the aspects of human, financial, material, procurement, internal control and so on. Meanwhile, the Company planned to be committed to promoting the efficiency of the Internet for the Group compliance, innovation and transformation by the application projects including optimizing over thirty processes, systems integration and innovative construction etc.

7. CONTINUE TO PROMOTE HUMAN RESOURCE MANAGEMENT TO SUPPORT THE EFFICIENT BUSINESS GROWTH

The Company will actively promote human resources management in terms of the overall performance optimization and staff motivation, talent development and support, industrial talent training, so as to constantly optimize the salary structure, and strive to create the management team with innovation, vitality and will be committed to enhancing the overall quality of home industry professionals.

IV. THE DISTRIBUTION OF FINAL DIVIDENDS FOR 2015

Based on the audited results of 2015 and in accordance with the requirements of relevant laws and regulations and the Articles of Association, the proposed distribution of final dividends for 2015 is as follows: on the basis of the total share capital of 3,623,917,038 Shares (including 2,561,103,969 Domestic Shares and 1,062,813,069 H Shares) as at 31 December 2015, a cash dividend of RMB0.47 per Share (inclusive of tax) is proposed to be distributed to holders of Domestic Shares and H Shares whose names appear on the Company's register of members on the Record Date. The final dividends for 2015 amount to RMB1,703,241,007.86 (inclusive of tax) in total.

By order of the Board
RED STAR MACALLINE GROUP CORPORATION LTD.
CHE JIANXING
Chairman

Shanghai, the PRC
21 March 2016

The capitalised terms used herein shall have the same meanings as those defined in the 2015 Annual Report of the Company.

PARTICULARS OF THE MEETINGS

The Supervisory Committee convened a total of three meetings in 2015, and details of the relevant meetings and the resolutions are as follows:

- (1) The second meeting of the second session of the Supervisory Committee was convened on 30 April 2015. The meeting reviewed and passed the 2014 Work Report of the Supervisory Committee of the Company, the 2014 Final Account Report of the Company, the resolution regarding the determination of 2014 profit distribution plan of the Company, the 2015 Financial Budget Report; and the resolution in respect of reappointment of Deloitte as the financial audit institution for the year of 2015 of the Company.
- (2) The third meeting of the second session of the Supervisory Committee was convened on 26 August 2015. The meeting reviewed and passed 1) the resolution in respect of the reviewed consolidated financial statements for the six months ended 30 June 2015; 2) the resolution in respect of the interim dividend for the six months ended 30 June 2015; and 3) the resolution in respect of the interim report and interim results for the six months ended 30 June 2015.
- (3) The second extraordinary meeting of the second session of the Supervisory Committee was convened on 17 December 2015. The meeting reviewed and passed 1) the resolution in respect of Mr. PAN Ning's resignation as the shareholder representative supervisor and the chairman of the Supervisory Committee of the Company; 2) the resolution in respect of the nomination of Mr. CHEN Gang as an candidate for independent supervisor of the second session of the Supervisory Committee; and 3) the resolution in respect of the nomination of Mr. ZHENG Hongtao as an candidate for independent supervisor of the second session of the Supervisory Committee.

INDEPENDENT OPINION

- (1) Statutory compliance: During the year 2015, members of the Supervisory Committee continued to supervise the Company's operations through attending Board meetings, reviewing reports on special projects, on-site inspections and meetings with staff. With reference to various regulations, the Supervisory Committee was of the opinion that the decision-making process was lawful, the internal control was effective, and the Directors and the senior management of the Company have diligently carried out their duties, and there is no act that violated the law, regulations, the Company's Articles of Association, nor had they prejudiced the Company's and shareholders' interests. The Supervisory Committee had reviewed the Company's internal control self-assessment report and internal control audit report for the year 2015 by Deloitte, and was of the view that the report reflected the actual situation of the Company's corporate governance and internal control, with an objective opinion on audit and agreed to publish the relevant reports.
- (2) Financial monitoring: In 2015, the Supervisory Committee diligently performed its duty of monitoring the Company's financial situation, including reviewing the Company's operation and its risks and providing audited opinions to each regular report. The Supervisory Committee was of the opinion that the Company's financial report reflected a true and fair view on the Company's financial position and operating results.

- (3) Use of proceeds from fund raising exercises: The Supervisory Committee continued to review the deposit and use of proceeds raised from the global offer of H Shares by the Company during the year and was not aware of any issue regarding the raised funds. In 2015, the Company completed the issuance of the first tranche of corporate bonds on the Shanghai Stock Exchange, with the size RMB5,000,000,000 and the nominal interest rate is 4.50%. The Supervisory Committee had monitored the relevant notes and bond issuance and the use of funds thereof, and had found no violation of law.
- (4) Stock incentive plan: In 2015, the company had no stock incentive plan.
- (5) Major asset acquisitions and disposals: In 2015, the Company did not have any major asset acquisitions and disposals.
- (6) Connected and continuing connected transactions: In 2015, the Supervisory Committee has monitored the connected transactions of the Company for the year, including the: (i) Equity Transfer Framework Agreement with RSED, (ii) Asset Transfer Framework Agreement with RSED, (iii) Repurchase Agreement with Chengdu Property and the continuing connected transactions, (i) Changzhou RSHFC Lease Agreement, (ii) Contract management agreements with Xuzhou RSHFC, Xuzhou RSHFP, Yangzhou RSHFP, Jining Hongrui and Shaanxi Hongrui, (iii) RSED Framework Agreement and (iv) Lease Agreement with Shanghai Hongmei in connection with the leasing of the Jinshan property. The Supervisory Committee has reviewed the above connected transactions, and considers that the conditions of transactions are fair, decision-making procedures in line with relevant laws and regulations and the Articles of Association and other relevant provisions, and did not impair the interests of other shareholders.

Looking forward, with further development of the various businesses of the Company, the Supervisory Committee will continue to implement the various laws and regulations and the relevant provisions of the Articles of Association conscientiously, explore new ideas and seek truth from facts so as to protect and safeguard the legitimate interests of the Company and its shareholders.

By order of the Supervisory Committee

PAN NING

Chairman

Shanghai, the PRC
21 March 2016

NOTICE OF THE 2015 AGM



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 2015 AGM

NOTICE IS HEREBY GIVEN that the annual general meeting (the “**AGM**”) of Red Star Macalline Group Corporation Ltd. (the “**COMPANY**”) for the year 2015 will be held at 10 a.m. on Wednesday, 8 June 2016 at JW Marriott Hotel Shanghai Changfeng Park, 158 Da Du He Road, Putuo District, Shanghai, the PRC for the purpose of considering, and if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

To consider and approve:

1. the work report of the Board for 2015;
2. the work report of the Supervisory Committee for 2015;
3. the distribution of final dividends for 2015; and
4. the re-appointment of external auditors and determination of its remuneration for 2016.

By order of the Board
RED STAR MACALLINE GROUP CORPORATION LTD.
GUO BINGHE
Company Secretary

Shanghai, the PRC
21 April 2016

NOTICE OF THE 2015 AGM

Notes:

1. For the purpose of holding the AGM, the register of members of the Company will be closed from Monday, 9 May 2016 to Wednesday, 8 June 2016 (both days inclusive), during which period no transfer of shares can be registered. In order for holders of H Shares to be qualified to attend and vote at the AGM, 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 Friday, 6 May 2016 for registration. In order for holders of domestic shares to be qualified to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged at the registered office of the Company in the PRC at Suite F801, 6/F, No. 518, Linyu Road, Pudong New District, Shanghai, PRC, no later than 4:30 p.m. on Friday, 6 May 2016.

The shareholders whose names appear on the register of members of the Company on Friday, 6 May 2016 are entitled to attend and vote at the AGM.

2. Shareholders who are entitled to attend and vote at the AGM 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 AGM. 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 AGM 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 AGM. If corporate shareholders appoint authorised representative to attend the AGM, 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 AGM.
6. Shareholders who intend to attend the AGM should complete the reply slip and return it to the office of the H share registrar of the Company, Computershare Hong Kong Investor Services Limited (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 (+852 2865 0990, for holder of H shares and +86 21 5282 0272, for holder of domestic shares) on or before Thursday, 19 May 2016.
7. The AGM is expected to take for less than half a day. Shareholders attending the AGM shall be responsible for their own travel and accommodation expenses.
8. All voting at the AGM will be conducted by poll.