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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 SECOND TRANCHE OF THE CORPORATE BONDS

Reference is made to the announcements of the Company dated 5 November 2015, 10 November 2015 and 12 November 2015 in relation to the issuance of the first tranche of the Corporate Bonds in the PRC. The Company has received the approval (Zheng Jian Xu Ke No. [2015] 2446) dated 2 November 2015 from the China Securities Regulatory Commission (中國證券監督管理委員會), approving the Company's application to issue the Corporate Bonds to qualified investors in the PRC. The first tranche of issuance was completed on 11 November 2015, the remaining tranche(s) of issuance would have to be completed within 24 months from the date of such approval.

On 8 July 2016, the Company proposed to issue the second tranche of the Corporate Bonds in the principal amount of RMB1,500,000,000 (the "**Second Tranche Corporate Bonds**") to qualified investors in the PRC, which can be over-allotted for up to another RMB1,500,000,000. The Second Tranche Corporate Bonds consist of two categories: bonds in the first category bear a term of 5 years (subject to the put-back option as set out below) and an indicative coupon rate range between 3.3% and 4.5% ("**Category I Bonds**") and bonds in the second category bear a term of 7 years (subject to the put-back option as set out below) and an indicative coupon rate range between 4.0% and 5.0% ("**Category II Bonds**").

The principal terms of the Second Tranche Corporate Bonds are as follows:

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| Issue size: | the initial issue size of the Second Tranche Corporate Bonds in the principal amount of RMB1,500,000,000, which can be over-allotted for up to another RMB1,500,000,000. |
| Issue target: | the Second Tranche Corporate Bonds will be issued to qualified investors in accordance with the Administrative Measures for the Issue and Trading of Corporate Bonds (公司債券發行與交易管理辦法) and other relevant regulations. |

Maturity: Category I Bonds with maturity of 5 years (subject to the put-back option as set out below)

Category II Bonds with maturity of 7 years (subject to the put-back option as set out below)

Coupon rate and Put-back option: the indicative coupon rate range for Category I Bonds and Category II Bonds are between 3.3% and 4.5% and between 4.0% and 5.0%, respectively. The coupon rate will be determined based on the book-building result.

the Company has an option to adjust the coupon rate of Category I Bonds and Category II Bonds in the Second Tranche Corporate Bonds at the end of the first three-year period and the first five-year period, respectively, and the holders of the Second Tranche Corporate Bonds have the right to put all or part of the Corporate Bonds back to the Company at its principal value in accordance with the terms of the Second Tranche Corporate Bonds.

Listing arrangement: the Second Tranche Corporate Bonds are proposed to be listed on the Shanghai Stock Exchange.

Use of proceeds: after the deduction of the issue expenses, the Company intends to use the net proceeds to repay the loans of the Company and its subsidiaries.

Guarantee: no guarantee was provided under the Second Tranche Corporate Bonds.

Zhongshan Securities Co., Ltd. (中山證券有限責任公司) is the lead underwriter and bookrunner. China International Capital Corporation Limited (中國國際金融股份有限公司) is the bond trustee and one of the joint underwriters, and the other two joint underwriters are China Merchants Securities Co., Ltd (招商證券股份有限公司) and China Investment Securities Co., Ltd. (中國中投證券有限責任公司).

Further information on the issuance of the Second Tranche Corporate Bonds will be published on the website of the Shanghai Stock Exchange (www.sse.com.cn).

The Company will make further announcements when the coupon rate and issue size of the Second Tranche Corporate Bonds are determined after the book building.

DEFINITIONS

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

“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
“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
“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

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

Shanghai, the PRC
8 July 2016

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 CHEN Shuhong, XU Guofeng, Joseph Raymond GAGNON, ZHANG Qiqi; and the independent non-executive Directors are LI Zhenning, DING Yuan, LEE Kwan Hung and QIAN Shizheng.