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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 US DOLLAR DENOMINATED BONDS

Reference is made to the Company's announcement dated 10 April 2017 in relation to the proposed issue of USD denominated Bonds.

The Board is pleased to announce that, the Issuer, a wholly-owned subsidiary of the Company, proposes to conduct an international offering of the Bonds to professional investors only and will commence the relevant roadshow presentations on or around 13 September 2017. As at the date of this announcement, the terms and conditions of the Bonds, including their principal amount, interest and maturity, have yet to be determined.

The Bonds are expected to be unconditionally and irrevocably guaranteed by the Company. The completion of the Proposed Bonds Issue is subject to market conditions and investors' interest.

Application will be made to the Hong Kong Stock Exchange for listing of, and permission to deal in, the Bonds by way of debt issue to professional investors only under Chapter 37 of the Listing Rules. A confirmation of eligibility for listing of the Bonds has been received from the Hong Kong Stock Exchange.

As no binding agreement in relation to the Proposed Bonds Issue has been entered into as at the date of this announcement, the Proposed Bonds Issue may or may not materialize. The completion of the Proposed Bonds Issue is subject to market conditions and investors' interest. Investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company.

Further announcement(s) in respect of the Proposed Bonds Issue will be made by the Company as and when appropriate.

THE PROPOSED BONDS ISSUE

Introduction

Reference is made to the Company's announcement dated 10 April 2017 in relation to the proposed issue of USD denominated Bonds.

The Board is pleased to announce that, the Issuer, a wholly-owned subsidiary of the Company, proposes to conduct an international offering of the Bonds to professional investors (as defined in the SFO) only and will commence the relevant roadshow presentations on or around 13 September 2017. As at the date of this announcement, the terms and conditions of the Bonds, including their principal amount, interest and maturity, have yet to be determined.

The Bonds are expected to be unconditionally and irrevocably guaranteed by the Company. The completion of the Proposed Bonds Issue is subject to market conditions and investors' interest. Morgan Stanley, Citi, CICC HK Securities and China Merchants Securities (HK), as the joint global coordinators and Morgan Stanley, Citi, CICC HK Securities, China Merchants Securities (HK), Guotai Junan International and DBS Bank Ltd., as the joint bookrunners, are managing the Proposed Bonds Issue. Upon finalization of the terms and conditions of the Proposed Bonds Issue, the Issuer, the Company, Morgan Stanley, Citi, CICC HK Securities, China Merchants Securities (HK), Guotai Junan International and DBS Bank Ltd. are expected to enter into a subscription agreement in relation to the Proposed Bonds Issue.

The Issuer is offering the Bonds only outside of the United States in reliance on Regulation S under the Securities Act. The Bonds have not been and will not be registered under the Securities Act. None of the Bonds will be offered to the public in Hong Kong or to any connected person of the Company.

Reason for the Proposed Bonds Issue

The Board believes that the Proposed Bonds Issue will be beneficial to the Group since it will allow the Group to obtain long-term financing from international investors and to improve its capital structure.

The Issuer currently intends to use the net proceeds from the Proposed Bonds Issue to (i) invest in the development of certain of the Group's portfolio shopping malls, (ii) purchase properties for the Group's operational use, (iii) invest in or acquire participants in the home improvement and furnishings business or related businesses, (iv) replenish working capital of the Group and (v) apply to other general corporate purposes of the Group.

Listing

Application will be made to the Hong Kong Stock Exchange for listing of, and permission to deal in, the Bonds by way of debt issue to professional investors (as defined in the SFO) only under Chapter 37 of the Listing Rules. A confirmation of eligibility for listing of the Bonds has been received from the Hong Kong Stock Exchange. Listing of the Bonds on the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Bonds, the Issuer or the Company.

GENERAL

The Group is principally engaged in operating and managing home furnishings shopping malls. The Group is also involved in O2O platform business, home design, decoration and logistics and delivery services.

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Further announcement(s) in respect of the Proposed Bonds Issue will be made by the Company as and when appropriate.

DEFINITIONS

“Board”	the board of directors of the Company
“Bonds”	the US dollar denominated guaranteed bonds to be issued by the Issuer
“CICC HK Securities”	China International Capital Corporation Hong Kong Securities Limited
“China Merchants Securities (HK)”	China Merchants Securities (HK) Co., Limited
“Citi”	Citigroup Global Markets Limited
“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 PRC with limited liability, the H Shares of which are listed and traded on the Main Board of the Hong Kong Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“DBS Bank Ltd.”	DBS Bank Ltd.
“Group”	the Company and its subsidiaries
“Guotai Junan International”	Guotai Junan Securities (Hong Kong) Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Issuer”	Hong Kong Red Star Macalline Universal Home Furnishings Limited (香港紅星美凱龍全球家居有限公司), a wholly-owned subsidiary of the Company incorporated with limited liability under the laws of Hong Kong
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Morgan Stanley”	Morgan Stanley & Co., International plc

“PRC”	the People’s Republic of China
“Preliminary Offering Memorandum”	the preliminary offering memorandum prepared for the Proposed Bonds Issue dated 13 September 2017
“Proposed Bonds Issue”	the proposed international offering of the Bonds by the Issuer
“Securities Act”	the United States Securities Act of 1933, as amended
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong)
“U.S.” or “United States”	the United States of America, its territories and possessions and all areas subject to its jurisdiction

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

Shanghai, the PRC
13 September 2017

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.