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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)

US\$300,000,000 3.375% GUARANTEED BONDS DUE 2022

Reference is made to the announcement of the Company dated 13 September 2017 in relation to the proposed issue of U.S. dollar denominated guaranteed bonds (the “**Launch Announcement**”). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Launch Announcement.

The Board is pleased to announce that on 14 September 2017, the Issuer and the Company entered into the subscription agreement with Morgan Stanley, Citi, CICC HK Securities, China Merchants Securities (HK), Guotai Junan International and DBS Bank Ltd. in connection with the issue of 3.375% notes due 2022 in the aggregate principal amount of US\$300,000,000 (the “**Bonds**”) (the “**Subscription Agreement**”). 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 joint bookrunners (the “**Joint Bookrunners**”) are managing the issue of the Bonds.

Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issue to professional investors (as defined in the SFO) only. 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 or the Company.

Completion of the issue of the Bonds is subject to the satisfaction, or waiver, of the conditions precedent set forth in the Subscription Agreement. In addition, the Subscription Agreement may be terminated by the Joint Bookrunners under certain circumstances. As the issue of the Bonds may or may not be completed, shareholders of the Company and potential investors are reminded to exercise caution when dealing in the securities of the Company.

The Board is pleased to announce that on 14 September 2017, the Issuer and the Company entered into the Subscription Agreement with the Joint Bookrunners in connection with the issue of the Bonds.

PRINCIPAL TERMS OF THE BONDS

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)
Guarantor:	Red Star Macalline Group Corporation Ltd. (紅星美凱龍家居集團股份有限公司)
Joint Global Coordinators:	Morgan Stanley, Citi, CICC HK Securities and China Merchants Securities (HK)
Joint Bookrunners:	Morgan Stanley, Citi, CICC HK Securities, China Merchants Securities (HK), Guotai Junan International and DBS Bank Ltd.
Principal Amount:	US\$300,000,000
Issue Price:	99.413% of the principal amount of the Bonds
Interest:	3.375% per annum payable semi-annually in arrears on 21 March and 21 September in each year, commencing on 21 March 2018
Form and Denomination:	US\$200,000 and integral multiples of US\$1,000 in excess thereof
Date of Issue:	21 September 2017

Date of Maturity:	21 September 2022
Guarantee:	The Company has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Bonds and a trust deed and as provided in a deed of guarantee to be entered into by the Company and the trustee of the Bonds.
Redemption for Taxation Reasons:	The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at their principal amount together with accrued interest, in the event that the Issuer or the Guarantor would be required to pay certain additional tax amounts as a result of any change in, or amendment to, the laws, regulations or rulings of Hong Kong or the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations or rulings (including but not limited to any decision by a court of competent jurisdiction or the stating of an official position with respect thereto).
Redemption for Relevant Events:	A holder of the Bonds shall have the right, at such holder's option, to require the Issuer to redeem all but not some only of such holder's Bonds at 101 per cent. (in the case of a redemption for a certain change of control triggering event) or 100 per cent. (in the case of a redemption for certain no registration event) of their principal amount together with accrued interest upon the occurrence of the change of control triggering event or, as the case may be, the no registration event.
Optional Redemption:	The Bonds are subject to redemption in whole, but not in part, at a redemption amount equal to (a) the principal amount of the Bonds plus any accrued but unpaid interest or, if higher, (b) certain make whole amount, at the option of the Issuer at any time upon giving not less than 30 nor more than 60 days' notice.

The Directors believe that the Proposed Bonds Issue will be beneficial to the Company since it will allow the Company 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 general corporate purposes of the Group.

Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issue to professional investors (as defined in the SFO) only. 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 or the Company. The Bonds were offered only outside of the United States in reliance on Regulation S under the U.S. Securities Act. The Bonds have not been and will not be registered under the U.S. Securities Act. None of the Bonds were offered to the public in Hong Kong or to any connected person of the Company.

Completion of the issue of the Bonds is subject to the satisfaction, or waiver, of the conditions precedent set forth in the Subscription Agreement. In addition, the Subscription Agreement may be terminated by the Joint Bookrunners under certain circumstances. As the issue of the Bonds may or may not be completed, shareholders of the Company and potential investors are reminded to exercise caution when dealing in the securities of the Company.

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

Shanghai, the PRC
15 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.