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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)

VOLUNTARY ANNOUNCEMENT JOINT INVESTMENT WITH OPPEIN HOME GROUP

This is a voluntary announcement made by Red Star Macalline Group Corporation Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”).

The board of directors of the Company (the “**Board**”) is pleased to announce that the Company and Oppein Home Group Inc*, a limited liability company incorporated in the People’s Republic of China and listed on the Shanghai Stock Exchange (“**Oppein**”, the Company and Oppein together as the “**Parties**” and each a “**Party**”), entered into the project collaboration agreement on 22 January 2018 (the “**Agreement**”).

THE PROJECT COLLABORATION AGREEMENT

Pursuant to the Agreement and with the aim of leveraging on the strengths of the Company and Oppein for joint development and sharing of economic interests, the Company and Oppein agreed to jointly invest in a piece of land owned by Oppein in Guangzhou City for the development and construction of a portfolio shopping mall (the “**Portfolio Shopping Mall**”) (the “**Investment Project**”). As of the valuation date of 30 June 2017, the market value of the land on which the Portfolio Shopping Mall is to be constructed amounts to approximately RMB1,315,000,000.

Pursuant to the Agreement, the investment amount of the Company in the Investment Project is currently determined at approximately RMB790,000,000 which shall be paid in instalments and invested in accordance with the actual operations and development needs of the Investment Project over the course of 2 – 3 years (the “**Investment Amount**”). In addition to the Investment Amount, the Company will make technological and labour contributions. The final Investment Amount will be dependent on the actual capital injection of the Company. The Investment Amount was arrived at after arm’s length negotiations between the Company and Oppein on normal commercial terms and the directors of the Company (the “**Directors**”) consider that the Investment Amount is fair and reasonable.

Upon completion of the construction of the Portfolio Shopping Mall and the construction completion filing formalities have been approved, the Parties will jointly establish a joint venture for the management of the Portfolio Shopping Mall which will be held as to 50% by each respective Party. The Portfolio Shopping Mall will be jointly owned by the Company as to 40% and by Oppein as to 60%. The joint venture has a board of directors which consists of five directors, of whom two are appointed by Oppein and three by the Company.

INFORMATION ABOUT OPPEIN

Oppein is principally engaged in the business of personalized design, research and development, production, sales and installation of kitchen cabinets, integral wardrobes, bathroom cabinets, customised wooden doors. Oppein owns several major production bases in Guangzhou, Tianjin, Wuxi, etc., and has the largest marketing services network in the home appliance industry in the People’s Republic of China (the “**PRC**”). As of 30 June 2017, Oppein has approximately 4,000 dealers and approximately 6,000 franchise stores across the PRC.

To the best information and belief of the Directors, neither Oppein nor its ultimate beneficial owner is a connected person (as defined in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) of the Company. None of the Directors had any material interest in the transaction contemplated under the Agreement.

OTHER INFORMATION

The Directors are of the view that the transaction under the Agreement will allow the Group to further consolidate its position in the shopping mall market in the Guangdong province and will be beneficial to the long-term development of the core business of the Group. The Directors believe that the terms of the transaction under the Agreement are fair and reasonable and in the interests of the shareholders of the Company as a whole.

All applicable percentage ratios (as defined under the Listing Rules) for the transaction under the Agreement are below 5%. The Company will monitor the actual Investment Amount and comply with applicable discloseable and approval requirements under the Listing Rules such as providing updates by way of announcement or annual report, as the case maybe, so the shareholders and potential investors of the Company can be informed of our latest business development.

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

Shanghai, the PRC
22 January 2018

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 and ZHANG Qiqi; and the independent non-executive Directors are LI Zhenning, DING Yuan, LEE Kwan Hung and QIAN Shizheng.

* *For identification only*