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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)

**ANNOUNCEMENT ON
PROPOSED ISSUE OF THE US DOLLAR DENOMINATED BONDS**

On 7 February 2018, the board of directors of Red Star Macalline Group Corporation Ltd. (“**Company**”) resolved to propose the issue of the US denominated bonds with an aggregate principal amount not exceeding US\$700,000,000 (“**Issue**”) by its wholly-owned subsidiary, Hong Kong Red Star Macalline Universal Home Furnishings Limited*.

According to the laws of the PRC and the articles of association of the Company, the proposed issue of the US dollar denominated bonds (the “**Bonds**”) is subject to the approval of the shareholders of the Company (the “**Shareholders**”) by way of special resolutions and the approval(s) from the relevant PRC and/or overseas regulatory authorities. The Company will send a circular setting out, among others, the proposed issuance of the USD denominated bonds to the Shareholders as soon as practicable. Issue of the Bonds will depend on the timing of the relevant regulatory approval(s), the capital needs of the Company and the prevailing conditions of the debt markets.

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) or its controlled subsidiaries
Issue targets	qualified overseas institutional investors
Issue size	not exceeding US\$700,000,000 or equivalent currencies (issue in single or multiple tranches, specific issue size will be subject to the granting of authorisation by the Shareholders and the determination of the Chairman of the Board, the Chief Financial Officer or such authorised person(s) based on the Company’s actual capital needs and the prevailing market conditions at the time of issuance)
Maturity	not more than 10 years
Type	senior unsecured US dollar denominated bonds in reliance on Regulation S under the Securities Act
Coupon rate	subject to the granting of authorisation by the Shareholders and determination of the Chairman of the Board and the Chief Financial Officer or such authorised person(s) together with underwriters in accordance with the prevailing market conditions at the time of issuance
Payment of interest	fixed interest rate payable semi-annually in arrears; one-off repayment of principal upon maturity
Guarantee	the Company will provide joint and several liability guarantee for the payment obligations under relevant transaction documents of the Bonds

Use of proceeds	for financing construction of projects, investing in or acquiring of other market participants in the home furnishing related areas, replenishing the working capital of the Company, repaying the loans of the Company and its subsidiaries and other general corporate purposes, subject to the requirements of the relevant laws and regulations of the PRC (for the purpose of this announcement excluding the Hong Kong Special Administrative Region, the Macao Special Administrative Region and Taiwan), the listing rules of the exchanges where the Company's shares are listed and the requirements of the articles of association of the Company
Listing arrangement	application for listing of, and permission to deal in the Bonds will be made to the Hong Kong Stock Exchange or the Singapore Stock Exchange
Term of validity of the resolution	the resolution regarding the proposed issue of the Bonds shall be valid for 24 months from the date of approval at the extraordinary general meeting of the Shareholders

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

Shanghai, the PRC
7 February 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 purpose only*