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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

LIMITED PARTNERSHIP FUND INVESTMENT

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

The Board is pleased to announce that on 13 February 2018, the Company, Beijing Qidian Lingchuang, Shanghai Junhe Licheng, Shanghai Lvlian Junhe, Shanghai Lingang Oriental and Shanghai Electronics Chengding entered into the limited partnership agreement in connection with the establishment and management of the Ningbo Meishan Free Trade Port Area Qijun Equity Investment Partnership (L.P.)* (寧波梅山保稅港區奇君股權投資合夥企業(有限合夥)) (the “**Fund**”) (the “**Limited Partnership Agreement**”).

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, each Investor (excluding the Company) and its respective ultimate beneficial owner(s) are third parties independent of the Company and are not connected persons of the Company.

THE PRINCIPAL TERMS OF THE FUND PURSUANT TO THE LIMITED PARTNERSHIP AGREEMENT

Size of the Fund

The total amount to be raised under the Fund shall be RMB706,620,000.

Allocation of Investment Amount

The respective investment amount of each Investor is set out below:

Investor	Investment Amount <i>(RMB)</i>	Percentage of Contribution <i>(%)</i>	Role
Beijing Qidian Lingchuang	100,000	0.0142	General Partner
Shanghai Junhe Licheng	100,000	0.0142	General Partner
Shanghai Lvlian Junhe	220,000,000	31.1341	Limited Partner
Shanghai Lingang Oriental	220,000,000	31.1341	Limited Partner
The Company	200,000,000	28.3038	Limited Partner
Shanghai Electronics Chengding	66,420,000	9.3997	Limited Partner

Term of the Fund

The term of the Fund shall be five years from the injection of the full investment amount of each Investor. The term of the Fund may be extended for no longer than two years with an option to renew twice and each renewal shall be for no more than one year.

Scope of Business of the Fund

The scope of business of the Fund shall be general investment, equity investment and investment management (the final scope of business approved for registration by the relevant enterprise registration authority shall prevail). In line with the future direction of the industrial development of China, the Fund shall make investments in emerging industries that have long-term development potential such as healthcare, high-end manufacturing and consumption upgrade.

Management of the Fund

The Fund shall be jointly managed by Beijing Qidian Lingchuang and Shanghai Junhe Licheng (the “**Fund Managers**” and each a “**Fund Manager**”). Pursuant to the Limited Partnership Agreement, decisions in connection with the Fund shall be jointly made by the Fund Managers and any actions taken shall be subject to written consent of the Fund Managers. In case of any disagreement between the Fund Managers, a proposal shall be submitted to the limited partnership meeting and partners with total investment amount over 75% in the Fund shall determine which Fund Manager’s view shall prevail.

Profit Model and Exit Mechanism of the Fund

The Fund shall realise investment return through distribution of dividends, business growth and post-IPO valuation growth of the project companies.

The Fund Managers shall collect and reference information available when making investment decisions and make reasonable exit judgments according to the specific conditions of the project companies and the market conditions at that time and formulate the corresponding investment exit plan.

After investment in the project companies, the Fund shall exit from the project companies by transferring the equity interests in the project companies to third parties, listing the project companies and other ways permitted by the laws and regulations of the PRC.

REASON FOR INVESTMENT IN THE FUND

The investment allows the Company to rely on professional expertise to explore enterprises with promising quality which benefits the strategic layout of the future development of the Company. The Company shall use its self-owned funds to invest in the Fund, and the risk assumed by the Company is limited to the Company's investment amount. The investment in the Fund does not have a material impact on the business operation of the Company.

OTHER INFORMATION

The Board (including the independent non-executive directors of the Company) believes that the terms of the transaction under the Limited Partnership 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 Limited Partnership Agreement are below 5%. The Company's investment pursuant to the Limited Partnership Agreement will not constitute a notifiable transaction or a connected transaction of the Company. This is a voluntary announcement of the Company.

DEFINITIONS

“Beijing Qidian Lingchuang”	Beijing Qidian Lingchuang Equity Investment Management Company Limited* (北京奇點領創股權投資管理有限公司), a limited liability company incorporated under the laws of the PRC on 17 March 2015
“Board”	the board of directors of the Company
“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 and the A Shares of which are listed and traded on the Shanghai Stock Exchange
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“Investor(s)”	Beijing Qidian Lingchuang, Shanghai Junhe Licheng, Shanghai Lvlian Junhe, Shanghai Lingang Oriental, the Company and Shanghai Electronics Chengding
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Shanghai Electronics Chengding”	Shanghai Electronics Chengding Intelligence Industry Investment Partnership (L.P.)* (上海電科誠鼎智能產業投資合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC on 4 May 2015
“Shanghai Junhe Licheng”	Shanghai Junhe Licheng Investment Management (L.P.)* (上海君和立成投資管理中心(有限合夥)), a limited partnership incorporated under the laws of the PRC on 3 August 2016

“Shanghai Lingang
Oriental”

Shanghai Lingang Oriental Junhe Innovation and Technology Industry Equity Investment Fund Partnership (L.P.)* (上海臨港東方君和科創產業股權投資基金合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC on 17 February 2017

“Shanghai Lvlian Junhe”

Shanghai Lvlian Junhe Industrial Merger and Acquisition Equity Investment Fund Partnership (L.P.)* (上海綠聯君和產業併購股權投資基金合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC on 9 November 2016

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

Shanghai, the PRC
13 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