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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)**

**UPDATE ANNOUNCEMENT  
IN RELATION TO  
VOLUNTARY CONDITIONAL CASH OFFER BY  
CHINA INTERNATIONAL CAPITAL CORPORATION  
HONG KONG SECURITIES LIMITED  
ON BEHALF OF  
RED STAR MACALLINE GROUP CORPORATION LTD. TO  
BUY-BACK UP TO 388,917,038 H SHARES AT A PRICE OF  
HK\$11.78 PER H SHARE**

**Financial adviser to the Company**



**China International Capital Corporation Hong Kong Securities Limited**

Reference is made to the announcement of Red Star Macalline Group Corporation Ltd. (the “**Company**”) dated 5 April 2018 (the “**Announcement**”) in relation to the proposed voluntary conditional cash offer to be made by China International Capital Corporation Hong Kong Securities Limited on behalf of the Company to buy-back up to 388,917,038 H Shares at an offer price of HK\$11.78 per H Share (the “**Offer**”) and the offer document dated 24 April 2018 in relation to the Offer (the “**Offer Document**”). Terms not otherwise defined in this announcement shall have the same meanings ascribed to them in the Offer Document.

As initially disclosed in the Announcement, the consummation of the Offer is subject to, among other things, approval by holders of Domestic Debt Securities approving the reduction of share capital of the Company in bondholders' meetings, namely: (a) a resolution passed by three fourths of votes of the holders of the Medium-Term Notes present at the meeting of the noteholders in person or by proxies; (b) a resolution passed by a simple majority of the votes of the holders of the Corporate Bonds present at the meeting of the bondholders in person or by proxies (the "**Bondholders Approval Condition**"). None of the conditions (including the Bondholders Approval Condition) can be waived.

Since the publication of the Announcement, the Company wanted to provide for contingencies where holders of Domestic Debt Securities do not approve the resolutions in connection with the reduction of share capital caused by the completion of the Offer. Accordingly, the Company has modified the conditions to the Offer as disclosed in the Offer Document such that it can waive the Bondholders Approval Condition. Where the Company decides to waive the Bondholders Approval Condition, dissenting bondholders of Domestic Debt Securities may request the Company to repurchase bonds held by such dissenting bondholders of Domestic Debt Securities in accordance and in compliance with the terms of conditions of such Domestic Bonds and all applicable laws and regulations. The Company will update the Shareholders and potential investors by way of further announcement(s) relating to any development of the Offer as and when appropriate.

## **WARNING**

**The Offer is subject to the satisfaction (or waiver, as applicable) of the Conditions. If the Conditions are not satisfied (or waived, as applicable) by the date of the AGM and the Class Meetings, the Offer will lapse. Dealing in the H Shares will continue even in the event the Offer has not yet become unconditional. During such period, persons dealing in the H Shares will bear the risk that the Offer may lapse. H Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

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

Shanghai, the PRC  
24 April 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.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement contained in this announcement misleading.*