

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement has been prepared pursuant to, and in order to comply with, the Listing Rules and the Share Buy-backs Code and does not constitute an offer to buy, or the solicitation of an offer to sell or subscribe for, any securities or an invitation to enter into an agreement to do any such things, nor is it calculated to invite any offer to buy, sell or subscribe for any securities.



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**

APPROVAL OF THE DOMESTIC BONDHOLDERS

Financial adviser to the Company



China International Capital Corporation Hong Kong Securities Limited

Reference is made to (i) the announcement of Red Star Macalline Group Corporation Ltd. (the “**Company**”) dated 5 April 2018 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**”); (ii) the offer document dated 24 April 2018 in relation to the Offer (the “**Offer Document**”); and (iii) the update announcement of the Company dated 24 April 2018 in relation to the Offer.

MEETING OF THE DOMESTIC BONDHOLDERS

As stated in the Offer Document, as the Offer will result in the reduction of share capital of the Company, the Company is required to obtain approval from holders of the Corporate Bonds (the “**Domestic Bondholders**”) at meetings of the Domestic Bondholders (the “**Bondholders’ Meetings**”) held on 31 May 2018 under the relevant terms and conditions of the Corporate Bonds, unless such condition to the Offer is otherwise waived by the Company.

In order to incentivize the Domestic Bondholders to approve the relevant resolutions in relation to the Offer at the Bondholders’ Meetings, the Company had proposed to make payment of additional interest at a fixed interest rate ranging from 0.60% to 1.00% (the “**Proposed Interest Payment**”) to the Domestic Bondholders. In the event that the Offer is approved at the AGM and the Class Meetings, The period for which the Domestic Bondholder will be entitled to additional interest (the “**Additional Interest Period**”) shall be the number of days between the announcement of the results of the Offer and (a) the respective maturity date of each tranche of the Corporate Bonds, or (b) the completion of the optional redemption of the Corporate Bonds in the event the Domestic Bondholders exercise their option rights to sell back as provided in the terms and conditions of the Corporate Bonds (whichever is earlier).

Resolutions were proposed at the Bondholders’ Meetings held on 31 May 2018.

APPROVAL BY THE DOMESTIC BONDHOLDERS FOR THE PROPOSED INTEREST PAYMENT AND THE CAPITAL REDUCTION

The Board is pleased to announce that the Domestic Bondholders have approved the Proposed Interest Payment and the capital reduction at the Bondholders’ Meetings on 31 May 2018. Subject to the Offer becoming unconditional, the respective coupon rate for each tranche of the Corporate Bonds will be increased by an additional rate ranging from 0.6% to 1%.

Accordingly, the condition to the Offer relating to the approval of Domestic Bondholders has been satisfied.

The Company has published the results of the Bondholders’ Meetings on the website of the Shanghai Stock Exchange and the relevant overseas regulatory announcements on the website of the Stock Exchange on 1 June 2018.

IMPLICATIONS UNDER THE TAKEOVERS CODE

As at the date of this announcement, based on the latest information available to the Company, one Domestic Bondholder holding the Corporate Bonds in the outstanding principal amount of RMB49,998,000 (representing approximately 0.62% of the total outstanding principal amount of the Corporate Bonds) is also directly interested in 3,279 A Shares (representing approximately 0.0001% of the total issued A Shares and 0.00008% of the total issued Shares). Accordingly, the Proposed Interest Payment, being an arrangement made between the Company and the Shareholders, which is not capable of being extended to all the Shareholders, constitutes a special deal under Rule 25 of the Takeovers Code (the “**Special Deal**”) and requires consent of the Executive.

The Company will publish a further announcement in relation to the implications under the Takeovers Code as soon as practicable.

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
1 June 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.