

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.



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 INDICATIVE ANNOUNCEMENT IN RELATION TO THE PROPOSED EMPLOYEE STOCK OWNERSHIP PLAN

This voluntary announcement is made by Red Star Macalline Group Corporation Ltd. (the “**Company**”).

For the purpose of further improving the corporate governance of the Company, establishing the risk-bearing and benefit-sharing mechanism among employees, company and shareholders, attracting and retaining outstanding management talents and core staff of the business, effectively stimulating the initiative of the management and technical personnel and facilitating the Company's long-term, sustainable, and healthy development, the Company intends to launch an employee stock ownership plan (the “**Employee Stock Ownership Plan**”) in accordance with the requirements under the relevant laws, rules and specifications such as Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Guiding Opinions on the Implementation of the Pilot Program on Employee Stock Ownership Plans by Listed Companies by the China Securities Regulatory Commission, the Guidelines for Information Disclosure for Employee Stock Ownership Plan of Listed Companies issued by Shanghai Stock Exchange. The relevant plan is set out as follows:

I. SIZE OF EMPLOYEE STOCK OWNERSHIP PLAN

The accumulative number of shares obtained under the Employee Stock Ownership Plan shall not exceed 1% of the total share capital of the Company. The accumulative number of shares corresponding to the equity interests obtained by each individual employee shall not exceed 0.1% of the total share capital of the Company.

II. SOURCE OF THE SHARES INVOLVED IN EMPLOYEE STOCK OWNERSHIP PLAN

The shares of the Company in the Employee Stock Ownership Plan are A Shares of the Company and are intended to be obtained through purchases made on the secondary market and other means as permitted under relevant laws and regulations.

III. HOLDERS OF EMPLOYEE STOCK OWNERSHIP PLAN

The holders of the Employee Stock Ownership Plan comprise the directors, supervisors and senior management of the Company as well as the management and core staff of the Company and its subsidiaries.

Eligible employees shall participate in the Employee Stock Ownership Plan in accordance with laws and relevant regulations, on a voluntary basis and bearing their own risks.

IV. RISK WARNING

The Employee Stock Ownership Plan is still at the planning stage. The Company will conduct adequate discussion in terms of the feasibility of the plan and will seek opinions from employees. The process from launch to implementation of the Employee Stock Ownership Plan will be subject to approval by the board of directors and the shareholder's meeting, and whether such plan will be implemented is still unknown.

Upon determining the relevant matters under the Employee Stock Ownership Plan, the Company will disclose the draft of the Employee Stock Ownership Plan in accordance with relevant requirements, and fulfill the corresponding approval procedures as well as the information disclosure obligation in a timely manner.

Investors are advised to pay attention to the announcements of the Company and be aware of investment risks.

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

Shanghai, the PRC
13 November 2018

As at the date of this announcement, the executive Directors of the Company are CHE Jianxing, 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.