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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 IN RELATION TO THE PROPOSED ISSUANCE OF THE 2019 SUPER SHORT-TERM COMMERCIAL PAPERS

According to the “Resolution on the General Mandate for the Issue of Domestic Debt Financing Instruments and Relevant Authorization” considered and passed at the 2018 first extraordinary general meeting convened by Red Star Macalline Group Corporation Ltd.(the “**Company**”) on 25 April 2018, the general meeting of the Company authorized the board of directors (the “**Board**”) and its authorized persons to make decisions on financing in due course and to conduct domestic issue of debt financing instruments, including but not limited to medium-term notes, corporate bonds, and other debt financing instruments recognized by domestic regulators, for a maximum amount not exceeding RMB15 billion. To optimize the financial structure of the Company, reduce cost of capital, diversify financing channels and satisfy the capital needs for the development of the Company, the Company intends to file an application to the National Association of Financial Market Institutional Investors for the issuance of Super Short-term Commercial Papers (hereinafter referred to as the “**Issuance**” or the “**Papers**”) pursuant to the Administrative Measures for Debt Financing Instruments of Non-Financial Enterprises in the Inter-bank Bond Market, details of which are as follows:

1. Size of the registration and issuance of the Papers

The Company intends to file an application to the National Association of Financial Market Institutional Investors of the People's Republic of China for registration of the Papers, for a maximum amount not exceeding RMB1.5 billion (inclusive). The final issue size shall be the amount specified in the notice of registration the Company received from the National Association of Financial Market Institutional Investors of the People's Republic of China, and the Issuance shall take place at an appropriate time after the registered amount was granted.

2. Term of the Issuance: The Company will issue the Papers during the valid period for registering the Papers in one or more tranches, according to market conditions, changes in the interest rates and actual capital requirements of the Company. The term for each tranche shall not exceed 270 days (inclusive).
3. Interest rate of the Issuance: The Papers will be issued at nominal value, with the interest rate of the Issuance to be ultimately determined by the authorized persons of the Board and the lead underwriter of the Issuance on basis of the results of the book-building process and market conditions.
4. Target subscribers of the Issuance: Institutional investors in the domestic inter-bank bond market (excluding purchasers prohibited by the laws and regulations of the People's Republic of China (the "PRC")).
5. Use of proceeds: Proceeds from the Issuance will be used for repaying interest-bearing liabilities of the Company and its subsidiaries, replenishing working capital and other purposes permitted by laws and regulations.
6. **Authorization matters related to the Papers**

To ensure and realize successful issuance of the Papers, the Board intends to further authorize the financial executive to deal with all matters related to the Issuance at his full discretion under the mandate granted at the 2018 first extraordinary general meeting, including but not limited to:

- (1) making specific issue plans, amending and adjusting terms related to the Issuance, including the timing, term, amount, interest rate, its mode of confirmation, issuance and underwriting, specific uses of proceeds, the mode and term of repayment of the principal and interest, whether to set up guarantees, the mode of guarantees and all other matters related to the Issuance, on the basis of market conditions and the needs of the Company and in accordance with laws and regulations;
- (2) engaging the lead underwriter and other intermediary parties of the Issuance;
- (3) within the above authority, being responsible for revising, executing and reporting all agreements and legal documents related to the Issuance, and complete all necessary procedures of the Issuance such as reporting and registration with regulatory authorities on behalf of the Company;

- (4) in case of changes in regulatory policies or market conditions, making corresponding adjustments to specific plans of the Issuance and other related matters according to the views of the regulatory authorities and market conditions or decide whether to continue with all or part of the Issuance according to actual situation (other than matters required by the relevant laws, regulations or the articles of association of the Company to be re-approved at the general meeting of the shareholders) within the authority granted by the general meeting of the shareholders and the Board;
- (5) to deal with other matters related to the Issuance.

The issuance of the Papers is subject to the notice of the National Association of Financial Market Institutional Investors on consent for registration, and will be conducted at an appropriate time during the validity period (two years) of the Notice for Acceptance of Registration delivered by the National Association of Financial Market Institutional Investors.

7. Validity of the resolution

The resolution regarding the Issuance is valid from the date when it was passed at the 42nd extraordinary meeting of the third session of the Board, and expires on the last day of 24 months from the date when it was approved at the 2018 first extraordinary general meeting.

The announcement is hereby given.

By order of the Board
Red Star Macalline Group Corporation Ltd.
Guo Binghe
Vice Chairman

Shanghai, the PRC
24 December 2018

As at the date of this announcement, the executive Directors of the Company are CHE Jianxing, GUO Binghe, 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 QIAN Shizheng, LEE Kwan Hung, WANG Xiao and ZHAO Chongyi.