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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 ON THE PROGRESS OF THE IMPLEMENTATION PLANS OF SHARE PRICE STABILIZATION AND SHAREHOLDING INCREASE**

This announcement is issued in accordance with Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Reference is made to the circular dated 1 April 2019 (the “**Circular**”), the overseas regulatory announcement dated 1 April 2019 and the announcement on poll results of the 2018 Annual General Meeting dated 16 May 2019 of Red Star Macalline Group Corporation Ltd. (hereinafter referred to as the “**Company**”), regarding the implementation plans of share price stabilization and shareholding increase. Unless the context otherwise stated, capitalised terms used in this announcement have the same meanings as those defined in the Circular.

The controlling Shareholder, the actual controller and the then Directors (excluding the chairman of the Board, independent Directors and Directors nominated by the non-controlling Shareholders), the chairman of the Supervisory Committee and the senior management of the Company proposed to increase their respective shareholdings in the public A Shares of the Company through centralized bidding from 1 June 2019 to 28 September 2019 based on their confidence in the prospect of the Company’s future development and their recognition of the Company’s growth value.

On 4 June 2019, the Company was informed by Red Star Macalline Holding Group Company Limited (hereinafter referred to as “**RSM Holding**”), the controlling Shareholder, that RSM Holding has acquired 160,000 Shares of the Company through centralized bidding on the Shanghai Stock Exchange, representing 0.00451% of the total share capital of the Company. Before this shareholding increase, RSM Holding held 2,480,315,772 Shares of the Company, representing 69.86805% (approximately 69.87%) of the total share capital of the Company. After this shareholding increase, RSM Holding holds 2,480,475,772 Shares of the Company, representing 69.87256% of the total share capital of the Company. Given that the Company has considered and approved the Proposal on Initial Public Offering of RMB Ordinary Shares of the Company and Implementation Plan on Stabilization of Share Price within Three Years after Listing (《關於公司首次公開發行人民幣普通股並上市後三年內穩定股價實施方案的議案》) at the 2018 Annual General Meeting, RSM Holding is performing the relevant undertakings. As of 3 June 2019, a total of RMB2,025,900 has been used to acquire 160,000 Shares of the Company.

On 4 June 2019, the Company was informed by Mr. CHE Jianxing, the actual controller and the chairman of the Board, that Mr. CHE Jianxing has acquired 165,000 Shares of the Company through centralized bidding on the Shanghai Stock Exchange, representing 0.00465% of the total share capital of the Company. Before this shareholding increase, Mr. CHE Jianxing was not a direct shareholder of the Company. After this shareholding increase, Mr. CHE Jianxing holds 165,000 Shares of the Company directly, representing 0.00465% of the total share capital of the Company. Given that the Company has considered and approved the Proposal on Initial Public Offering of RMB Ordinary Shares of the Company and Implementation Plan on Stabilization of Share Price within Three Years after Listing at the 2018 Annual General Meeting, Mr. CHE Jianxing is performing the relevant undertakings. As of 3 June 2019, a total of RMB2,088,900 has been used to acquire 165,000 Shares of the Company.

On 4 June 2019, the Company was informed by the then Directors (excluding the chairman of the Board, independent Directors and Directors nominated by non-controlling Shareholders), namely Ms. CHE Jianfang, Mr. JIANG Xiaozhong, Ms. CHEN Shuhong and Mr. GUO Binghe; the chairman of the Supervisory Committee, namely Mr. PAN Ning; and the senior management, namely Mr. LIU Yuanjin, Mr. XI Shichang, Mr. LI Jianhong, Mr. ZHANG Peifeng, Mr. XIE Jian, Mr. WANG Wei, Mr. CHEN Donghui and Mr. ZHANG Xian, that they have acquired 100,900 Shares of the Company in total through centralized bidding on the Shanghai Stock Exchange, representing 0.00284% of the total share capital of the Company. Before this shareholding increase, the above-mentioned persons did not hold Shares of the Company directly. After this shareholding increase, the above-mentioned persons hold 100,900 Shares of the Company in total directly, representing 0.00284% of the total share capital of the Company. Given that the Company has considered and approved the Proposal on Initial Public Offering of RMB Ordinary Shares of the Company and Implementation Plan on Stabilization of Share Price within Three Years after Listing at the 2018 Annual General Meeting, the above-mentioned persons are performing the relevant undertakings. As of 3 June 2019, a total of RMB1,275,100 has been used to acquire 100,900 Shares of the Company.

There may be risks that the shareholding increase plan may not be implemented due to changes in the capital market and other factors.

## I. Basic information of this shareholding increase plan

The controlling Shareholder (RSM Holding), the actual controller and the chairman of the Board (Mr. CHE Jianxing), the then Directors (Ms. CHE Jianfang, Mr. JIANG Xiaozhong, Ms. CHEN Shuhong and Mr. GUO Binghe), the chairman of the Supervisory Committee (Mr. PAN Ning) and the senior management (Mr. LIU Yuanjin, Mr. XI Shichang, Mr. LI Jianhong, Mr. ZHANG Peifeng, Mr. XIE Jian, Mr. WANG Wei, Mr. CHEN Donghui and Mr. ZHANG Xian) of the Company proposed to increase their respective shareholdings in the public A Shares of the Company through centralized bidding from 1 June 2019 to 28 September 2019 based on the confidence in the prospect of the Company's future development and the recognition of the Company's growth value.

The amount to be used for shareholding increase by RSM Holding in aggregate shall be no less than RMB106 million and no more than RMB127.2 million; the amount to be used for shareholding increase by Mr. CHE Jianxing, the actual controller and the chairman of the Board, in aggregate shall be no less than RMB100 million and no more than RMB120 million (the aforesaid fund for shareholding increase shall not be consolidated into the fund for shareholding increase by the controlling Shareholder, but includes the fund applied by Mr. CHE Jianxing as a Director of the Company for shareholding increase in the Company); the total amount to be used for shareholding increase by Directors (excluding Chairman of the Board, independent Directors and the Directors nominated by non-controlling Shareholders), the senior management and the chairman of the Supervisory Committee in aggregate shall be no less than RMB11.539 million and no more than RMB13.852 million. For details, please refer to the Announcement on the Implementation Plans of Share Price Stabilization and Shareholding Increase of the Company dated 1 April 2019 on designated media regarding information disclosure.

## II. The implementation progress of this shareholding increase plan

1. Before this shareholding increase, RSM Holding held 2,480,315,772 Shares of the Company, representing 69.86805% (approximately 69.87%) of the total share capital of the Company. After this shareholding increase, RSM Holding holds 2,480,475,772 Shares of the Company, representing 69.87256% of the total share capital of the Company. Shareholding increase by the RSM Holding is as follows:

Subject of shareholding increase	Method of shareholding increase	Date of shareholding increase	Number of Shares in shareholding increase (share)	Average price for shareholding increase (RMB/share)	Amount for shareholding increase (RMB ten thousand)	Percentage of shareholding increase in the total share capital (%)	Current number of Shares held (share)	Percentage of the total share capital (%)
RSM Holding	centralized bidding	3 June 2019	160,000	12.66	202.59	0.00451	2,480,475,772	69.87256

Given that the Company has considered and approved the Proposal on Initial Public Offering of RMB Ordinary Shares of the Company and Implementation Plan on Stabilization of Share Price within Three Years after Listing at the 2018 Annual General Meeting, RSM Holding is performing the relevant undertakings. As of 3 June 2019, a total of RMB2,025,900 has been used to acquire 160,000 Shares of the Company.

2. Before this shareholding increase, Mr. CHE Jianxing did not hold Shares of the Company directly. After this shareholding increase, Mr. CHE Jianxing holds 165,000 Shares of the Company directly, representing 0.00465% of the total share capital of the Company. Shareholding increase by Mr. CHE Jianxing is as follows:

Subject of shareholding increase	Method of shareholding increase	Date of shareholding increase	Number of Shares in shareholding increase (share)	Average price for shareholding increase (RMB/share)	Amount for shareholding increase (RMB ten thousand)	Percentage of shareholding increase in the total share capital (%)	Current number of Shares held (share)	Percentage of the total share capital (%)
CHE Janxing	centralized bidding	3 June 2019	165,000	12.66	208.89	0.00465	165,000	0.00465

Given that the Company has considered and approved the Proposal on Initial Public Offering of RMB Ordinary Shares of the Company and Implementation Plan on Stabilization of Share Price within Three Years after Listing at the 2018 Annual General Meeting, Mr. CHE Jianxing is performing the relevant undertakings. As of 3 June 2019, a total of RMB2,088,900 has been used to acquire 165,000 Shares of the Company.

For the avoidance of doubt, the fund that was used by Mr. CHE Jianxing as the actual controller for increasing shareholding have included the fund applied by him as a Director of the Company for shareholding increase in the Company, but the aforesaid fund shall not be consolidated into the fund for shareholding increase by RSM Holding,

3. Before this shareholding increase, the then Directors (excluding the chairman of the Board, independent Directors and Directors nominated by non-controlling Shareholders), the chairman of the Supervisory Committee and the senior management did not hold Shares of the Company directly. After this shareholding increase, the above-mentioned persons hold 100,900 Shares of the Company in total directly, representing 0.00284% of the total share capital of the Company. The number of Shares and amount of shareholding in the Company by the above-mentioned persons are as follows:

Subject of shareholding increase	Position	Number of Share held before this shareholding increase (share)	Shareholding percentage before this shareholding increase (%)	Number of Shares in shareholding increase (share)	Amount of shareholding increase (RMB ten thousand)	Current number of Shares held (share)	Aggregated amount of shareholding increase (RMB ten thousand)
CHE Jianfang	Director	0	0	11,900	15.01	11,900	15.01
JIANG Xiaozhong	Director	0	0	13,500	17.04	13,500	17.04
CHEN Shuhong	Director	0	0	4,700	6.00	4,700	6.00
GUO Binghe	Director	0	0	6,000	7.60	6,000	7.60
PAN Ning	Chairman of the Supervisory Committee	0	0	4,700	5.93	4,700	5.93
LIU Yuanjin	senior management	0	0	10,400	13.11	10,400	13.11
XI Shichang	senior management	0	0	6,000	7.57	6,000	7.57
Li Jianhong	senior management	0	0	7,200	9.08	7,200	9.08
ZHANG Peifeng	senior management	0	0	5,600	7.07	5,600	7.07
XIE Jian	senior management	0	0	7,100	8.94	7,100	8.94
WANG Wei	senior management	0	0	6,700	8.49	6,700	8.49
CHEN Donghui	senior management	0	0	9,100	11.54	9,100	11.54
ZHANG Xian	senior management	0	0	8,000	10.13	8,000	10.13

Given that the Company has considered and approved the Proposal on Initial Public Offering of RMB Ordinary Shares of the Company and Implementation Plan on Stabilization of Share Price within Three Years after Listing at the 2018 Annual General Meeting, the above-mentioned persons are performing the relevant undertakings. As of 3 June 2019, a total of RMB1,275,100 has been used to acquire 100,900 Shares of the Company.

- RSM Holding, Mr. CHE Jianxing, Ms. CHE Jianfang, Ms. CHEN Shuhong, Mr. JIANG Xiaozhong and Mr. CHEN Donghui constitute the relationship of acting-in-concert in accordance with the relevant requirements of the Article 83 under the Administrative Measures for the Takeover of Listed Companies (2014 Revision) (《上市公司收購管理辦法(2014年修訂)》) of the China Securities Regulatory Commission. As of 3 June 2019, the above-mentioned persons hold 2,480,679,972 Shares of the Company in total, representing 69.87831% of the total share capital of the Company.

### **III. Risk of uncertainty in the implementation plans of share price stabilization**

There may be risks that the shareholding increase plan may not be implemented due to changes in the capital market and other factors.

## **IV. Other matters**

1. The shareholding structure will remain in compliance with the listing requirements after this shareholding increase and there is no change in the controlling Shareholder or the actual controller of the Company due to this shareholding increase.
2. The Company will continue to pay attention to the relevant situation of the shareholding increase, and fulfill the information disclosure obligations in a timely manner in accordance with the relevant provisions of the “Shanghai Stock Exchange Listing Rules”, “Administrative Measures for the Acquisition of Listed Companies”, “Guidelines for the Shareholding Increase of Shareholders and Parties Acting in Concert of Companies Listed on the Shanghai Stock Exchange” and other laws and regulations.

By Order of the Board  
**Red Star Macalline Group Corporation Ltd.**  
**GUO Binghe**  
*Vice Chairman*

Shanghai, the PRC  
4 June 2019

*This announcement is prepared in both Chinese and English versions. In case of inconsistency, the Chinese version shall prevail.*

*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 and XU Guofeng; and the independent non-executive Directors are QIAN Shizheng, LEE Kwan Hung, WANG Xiao and ZHAO Chongyi.*