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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 chairman of the Board 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 the confidence in the prospect of the Company’s future development and the recognition of the Company’s growth value.

On 25 July 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 4,235,000 Shares of the Company through centralized bidding on the Shanghai Stock Exchange, representing 0.1193% of the total share capital of the Company. Before this shareholding increase, RSM Holding held 2,480,715,772 Shares of the Company, representing 69.8793% of the total share capital of the Company. After this shareholding increase, RSM Holding holds 2,484,950,772 Shares of the Company, representing 69.9986% 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 24 July 2019, a total of RMB53,544,100 has been used to acquire 4,635,000 Shares of the Company, which has reached over 50% of the amount to this shareholding increase plan.

On 25 July 2019, the Company was informed by Mr. CHE Jianxing, the actual controller and the chairman of the Board, that Mr. CHE Jianxing has acquired 4,098,300 Shares of the Company through centralized bidding on the Shanghai Stock Exchange through Changzhou Meikai Information Technology Co., Ltd. (常州美開信息科技有限公司) (hereinafter referred to as “**Changzhou Meikai**”), a wholly-owned subsidiary of RSM Holding under his control, representing 0.1154% of the total share capital of the Company. Before this shareholding increase, Mr. CHE Jianxing held 396,000 Shares of the Company directly, representing 0.0112% of the total share capital of the Company. After this shareholding increase, Mr. CHE Jianxing holds 396,000 Shares of the Company directly, representing 0.0112% of the total share capital of the Company, and holds 4,098,300 Shares of the Company through Changzhou Meikai under his control, representing 0.1154% of the total share capital of the Company, which in total holds 4,494,300 Shares of the Company, representing 0.1266% 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 24 July 2019, Mr. CHE Jianxing and Changzhou Meikai, a wholly-owned subsidiary of RSM Holding under his control, have used a total of RMB51,492,400 to acquire 4,494,300 Shares of the Company, which has reached over 50% of the amount to this shareholding increase plan.

As of 24 July 2019, the then Directors of the Company (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 have used a total of RMB11,737,500 to acquire 932,564 Shares of the Company, representing 0.0263% of the total share capital of the Company, and each of the above-mentioned persons has contributed over their respective minimum amounts to this shareholding increase plan. For details, please refer to the Announcement on the Progress of the Implementation Plans of Share Price Stabilization and Shareholding Increase of the Company dated 26 June 2019 on designated media regarding information disclosure.

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 himself or other enterprises under his control (excluding RSM Holding), 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 that shall be contributed 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 2,480,715,772 Shares of the Company, representing 69.8793% of the total share capital of the Company. After this shareholding increase, RSM Holding holds 2,484,950,772 Shares of the Company, representing 69.9986% of the total share capital of the Company. Shareholding increase by 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	25 June 2019 to 24 July 2019	4,235,000	11.45	4,849.30	0.1193	2,484,950,772	69.9986

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 24 July 2019, a total of RMB53,544,100 has been used to acquire 4,635,000 Shares of the Company, which has reached over 50% of the amount to this shareholding increase plan.

- Before this shareholding increase, Mr. CHE Jianxing held 396,000 Shares of the Company directly, representing 0.0112% of the total share capital of the Company. After this shareholding increase, Mr. CHE Jianxing holds 396,000 Shares of the Company directly, representing 0.0112% of the total share capital of the Company, and holds 4,098,300 Shares of the Company through Changzhou Meikai, a wholly-owned subsidiary of RSM Holding under his control, representing 0.1154% of the total share capital of the Company, which in total holds 4,494,300 Shares of the Company, representing 0.1266% of the total share capital of the Company. Shareholding increase by Mr. CHE Jianxing through Changzhou MeiKai 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 (%)
Changzhou MeiKai	centralized bidding	25 June 2019 to 24 July 2019	4,098,300	11.34	4,649.27	0.1154	4,098,300	0.1154

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 24 July 2019, Mr. CHE Jianxing and Changzhou Meikai, a wholly-owned subsidiary of RSM Holding under his control, have used a total of RMB51,492,400 to acquire 4,494,300 Shares of the Company, which has reached over 50% of the amount to this shareholding increase plan.

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

- As of 24 July 2019, the then Directors of the Company (excluding the chairman of the Board, independent Directors and Directors nominated by the 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, have used a total of RMB11,737,500 to acquire 932,564 Shares of the Company, representing 0.0263% of the total share capital of the Company. Each of the above-mentioned persons has contributed over their respective minimum amounts to this shareholding increase plan. For details, please refer to the Announcement on the Progress of the Implementation Plans of Share Price Stabilization and Shareholding Increase of the Company dated 26 June 2019 on designated media regarding information disclosure.

4. RSM Holding, Changzhou MeiKai, 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 24 July 2019, the above-mentioned persons hold 2,489,786,072 Shares of the Company in total, representing 70.1348% 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
25 July 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.