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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 COMPLETION 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 shall 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 27 September 2019, the Company was informed by Red Star Macalline Holding Group Company Limited (hereinafter referred to as “**RSM Holding**”), the controlling Shareholder, that during the period from 25 July 2019 to 27 September 2019, RSM Holding has acquired 4,977,100 Shares of the Company through centralized bidding on the Shanghai Stock Exchange, representing 0.1402% of the total share capital of the Company. As of 27 September 2019, a total of RMB110,074,500 has been contributed by RSM Holding to acquire 9,612,100 Shares of the Company, representing 0.2708% of the total share capital of the Company. The amount used for the shareholding increase in aggregate has exceeded its minimum amount to this shareholding increase plan.

On 27 September 2019, the Company was informed by Mr. CHE Jianxing, the actual controller and the chairman of the Board, that during the period from 25 July 2019 to 27 September 2019, Mr. CHE Jianxing has acquired 4,362,397 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 0.1229% of the total share capital of the Company. As of 27 September 2019, Mr. CHE Jianxing and Changzhou Meikai, a wholly-owned subsidiary of RSM Holding under his control, have contributed a total of RMB101,608,700 to acquire 8,856,697 Shares of the Company, representing 0.2495% of the total share capital of the Company. The amount used for the shareholding increase in aggregate has exceeded his minimum amount to this shareholding increase plan.

On 9 September 2019, the Company was informed by Mr. WANG Wei, that Mr. WANG Wei has acquired a total of 20,000 Shares of the Company through centralized bidding on the Shanghai Stock Exchange during the period from 6 September to 9 September 2019, representing 0.0006% of the total share capital of the Company. As of 27 September 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 of the Company, namely Mr. PAN Ning, and the senior management of the Company, 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 contributed a total of RMB11,961,300 to acquire 952,564 Shares of the Company, representing 0.0268% of the total share capital of the Company. The amount used for the shareholding increase in aggregate has exceeded their minimum amounts to this shareholding increase plan.

As of 27 September 2019, each of RSM Holding as the controlling Shareholder of the Company, Mr. CHE Jianxing as the actual controller and the chairman of the Board, the then Directors (excluding the chairman of the Board, independent Directors and Directors nominated by non-controlling Shareholders), the senior management and the chairman of the Supervisory Committee of the Company has contributed an amount for the shareholding increase in aggregate exceeding their respective minimum amounts to this shareholding increase plan. The related commitments of the above subjects of shareholding increase under the Initial Public Offering of RMB Ordinary Shares of the Company and Implementation Plan on Stabilization of Share Price within Three Years after Listing have been fulfilled, and the Initial Public Offering of RMB Ordinary Shares of the Company and Implementation Plan on Stabilization of Share Price within Three Years after Listing will not be subsequently re-implemented.

The above subjects of shareholding increase undertook that the Shares acquired in this shareholding increase will not be sold within six months after the completion of this shareholding increase plan.

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 the 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 the shareholding increase by Mr. CHE Jianxing himself, the actual controller and the chairman of the Board, or other enterprises under his control (excluding RSM Holding) 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 the 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 2,484,950,772 Shares of the Company, representing 69.9986% of the total share capital of the Company. After this shareholding increase, RSM Holding holds 2,489,927,872 Shares of the Company, representing 70.1388% 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 July 2019 to 27 September 2019	4,977,100	11.36	5,653.04	0.1402	2,489,927,872	70.1388

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 has contributed a total of RMB110,074,500 to acquire 9,612,100 Shares of the Company as of 27 September 2019, representing 0.2708% of the total share capital of the Company. The amount used for the shareholding increase in aggregate has exceeded its minimum amount to this shareholding increase plan.

2. 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, and held 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 held 4,494,300 Shares, representing 0.1266% 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 8,460,697 Shares of the Company through Changzhou Meikai, a wholly-owned subsidiary of RSM Holding under his control, representing 0.2383% of the total share capital of the Company, which in total holds 8,856,697 Shares, representing 0.2495% 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 July 2019 to 27 September 2019	4,362,397	11.49	5,011.64	0.1229	8,460,697	0.2383

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 and Changzhou Meikai, a wholly-owned subsidiary of RSM Holding under his control, have contributed a total of RMB101,608,700 to acquire 8,856,697 Shares of the Company as of 27 September 2019, representing 0.2495% of the total share capital of the Company. The amount used for the shareholding increase in aggregate has exceeded his minimum amount to this shareholding increase plan.

For the avoidance of doubt, the fund contributed 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.

3. On 9 September 2019, the Company was informed by Mr. WANG Wei, that Mr. WANG Wei has acquired a total of 20,000 Shares of the Company through centralized bidding on the Shanghai Stock Exchange during the period from 6 September to 9 September 2019, representing 0.0006% of the total share capital of the Company. Before this shareholding increase, Mr. WANG Wei held 66,700 Shares of the Company directly, representing 0.0019% of the total share capital of the Company. After this shareholding increase, Mr. WANG Wei holds 86,700 Shares of the Company directly, representing 0.0024% (discrepancy in the last digit is due to rounding up calculation) of the total share capital of the Company. As of 27 September 2019, Mr. WANG Wei has contributed a total of RMB1,068,800 (among which RMB63,800 is additional capital for shareholding increase made on a voluntary basis, the portion exceeding the amount to this shareholding increase plan and the corresponding Shares of the Company are also deemed to perform the commitment of shareholding increase made in this shareholding increase plan voluntarily) to acquire 86,700 Shares of the Company, representing 0.0024% 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 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 of the Company, namely Mr. PAN Ning, and the senior management of the Company, 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 contributed a total of RMB11,961,300 to acquire 952,564 Shares of the Company as of 27 September 2019, representing 0.0268% of the total share capital of the Company. The amount used for the shareholding increase in aggregate has exceeded their minimum amounts to this shareholding increase plan.

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 Measures for the Administration of 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 27 September 2019, the above-mentioned persons held 2,499,125,569 Shares of the Company in total, representing 70.3979% of the total share capital of the Company.

III. Implementation results of this shareholding increase plan

From 2 January 2019 to 29 January 2019, the closing price of the Company's A Shares has been staying below its audited net asset per share of RMB11.75 as of 31 December 2018 for over 20 consecutive trading days, which triggered the initiating conditions for share price stabilization in light of the plan on stabilization of share price within three years after the listing of the Company (hereinafter referred to as the "Share Price Stabilization Plan") as proposed in Red Star Macalline Group Corporation Ltd. Initial Public Offering Prospectus. In order to maintain market stability, enhance investors' confidence and take into account the actual development needs of the Company and the operation feasibility of relevant measures in a comprehensive manner, according to 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 as considered and passed at the 2018 Annual General Meeting of the Company, the Company has formulated and implemented specific measures for share price stabilization according to the relevant principles of Share Price Stabilization Plan. As of 27 September 2019, each of RSM Holding as the controlling Shareholder of the Company, Mr. CHE Jianxing as the actual controller and chairman of the Board, 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 of the Company, namely Mr. PAN Ning, and the senior management of the Company, 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, has contributed an amount for the shareholding increase in aggregate exceeding their respective minimum amounts to this shareholding increase plan as follows:

Subject of shareholding increase	Range of amount for planned shareholding increase	Accumulated amount for shareholding increase	Planned completion ratio^{Note}
RSM Holding	RMB106 million– RMB127.2 million	RMB110 million	104%
CHE Jianxing and Changzhou Meikai	RMB100 million– RMB120 million	RMB102 million	102%
Then Directors, senior management and the chairman of the Supervisory Committee	RMB11.539 million– RMB13.852 million	RMB11.9613 million	104%

Note: Planned completion ratio = accumulated amount for the shareholding increase/minimum amount to be used for the planned shareholding increase

The related commitments of the relevant subjects under the Initial Public Offering of RMB Ordinary Shares of the Company and Implementation Plan on Stabilization of Share Price within Three Years after Listing have been fulfilled, and the Initial Public Offering of RMB Ordinary Shares of the Company and Implementation Plan on Stabilization of Share Price within Three Years after Listing will not be subsequently re-implemented.

The above subjects of shareholding increase undertook that the Shares acquired in this shareholding increase will not be sold within six months after the completion of this shareholding increase plan.

IV. Other matters

1. This shareholding increase is in compliance with the Securities Law of the People's Republic of China and other laws and regulations, departmental rules and the operational rules of the Shanghai Stock Exchange and other relevant requirements.
2. The shareholding structure of the Company 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.
3. Shanghai Jayden Law Firm has issued the Legal Opinion on the Shareholding Increase of the Company by the Actual Controller and Parties Acting-in-concert of Red Star Macalline Group Corporation Ltd.

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

Shanghai, the PRC
27 September 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, Eddie, WANG Xiao and ZHAO Chongyi.