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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 VOLUNTARY PARTICIPATION OF SOME DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN THE SHAREHOLDING INCREASE PLAN OF THE COMPANY

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**”).

Some Directors, the senior management and the chairman of the Supervisory Committee of Red Star Macalline Group Corporation Ltd. (hereinafter referred to as the “**Company**”) proposed to increase their respective shareholdings in the public A Shares of the Company (hereinafter referred to as the “**Shares**”) by way as permitted by the trading system of the Shanghai Stock Exchange from 30 September 2019 to 31 March 2020. The total amount to be used for this shareholding increase will not be less than RMB81.00 million but not exceeding RMB97.20 million. This shareholding increase does not have a low end but a high end for price of RMB22.9.

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

There may be risks that this shareholding increase plan may not be fully implemented in the case of failure of some Directors, the senior management and the chairman of the Supervisory Committee to obtain enough funds for shareholding increase where they adopted the way of self-raised funds to finance it.

I. Basic information of subjects of this shareholding increase

1. Subjects of this shareholding increase: two Directors (Mr. JIANG Xiaozhong and Mr. GUO Binghe), one Supervisor (Mr. PAN Ning), and six members of the senior management (Mr. LIU Yuanjin, Mr. XI Shichang, Mr. LI Jianhong, Mr. ZHANG Peifeng, Mr. CHEN Donghui and Mr. ZHANG Xian).

2. As of 27 September 2019, the shareholdings of the above-mentioned persons in the Company were as follows:

Name	Current number of Shares held	Percentage of the total share capital
JIANG Xiaozhong	135,900	0.0038%
GUO Binghe	59,800	0.0017%
PAN Ning	46,700	0.0013%
LIU Yuanjin	96,400	0.0027%
XI Shichang	57,000	0.0016%
LI Jianhong	71,800	0.0020%
ZHANG Peifeng	56,064	0.0016%
CHEN Donghui	48,700	0.0014%
ZHANG Xian	68,000	0.0019%

Red Star Macalline Holding Group Company Limited, Changzhou Meikai Information Technology Co., Ltd. (常州美開信息科技有限公司), 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 in total, representing 70.3979% of the total share capital of the Company.

3. The implementation of our Shareholders' shareholding increase plan within 12 months prior to this announcement:

On 1 April 2019, the Company issued the Announcement on the Implementation Plans of Share Price Stabilization and Shareholding Increase of the Company. The controlling Shareholder, 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 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. This shareholding increase plan was completed on 27 September 2019, and the amount used for this shareholding increase in aggregate of all above-mentioned persons exceeded their minimum amounts to this shareholding increase plan. For details, please refer to the announcement of the Company dated 27 September 2019 as disclosed on The Stock Exchange of Hong Kong Limited and the Announcement on the Completion of the Implementation Plans of Share Price Stabilization and Shareholding Increase of the Company dated 28 September 2019 as disclosed on designated media regarding information disclosure.

II. Major contents of this shareholding increase plan

1. Purpose of this shareholding increase: the confidence in the prospect of the Company's future development and the recognition of the Company's long-term investment value.
2. Way of this shareholding increase: way as permitted by the trading system of the Shanghai Stock Exchange.
3. Class of Shares in this shareholding increase: A Shares outstanding of the Company without restricted conditions.
4. Number of Shares or amount for this shareholding increase: the total amount to be used for this shareholding increase by some Directors, the senior management and the chairman of the Supervisory Committee in aggregate shall not be less than RMB81.00 million but not exceeding RMB97.20 million. The breakdown of amounts to be used by each of the above-mentioned persons for this planned shareholding increase is as follows:

Name	Position	Minimum amount to be used for this planned shareholding increase (RMB0'000)	Maximum amount to be used for this planned shareholding increase (RMB0'000)
JIANG Xiaozhong	Executive Director	1,500	1,800
GUO Binghe	Executive Director	200	240
PAN Ning	Chairman of the Supervisory Committee	1,150	1,380
LIU Yuanjin	Senior management	1,550	1,860
XI Shichang	Person in charge of financial affairs	900	1,080
LI Jianhong	Senior management	900	1,080
ZHANG Peifeng	Senior management	350	420
CHEN Donghui	Senior management	1,450	1,740
ZHANG Xian	Senior management	100	120

5. Share price for this shareholding increase: this shareholding increase does not have a low end but a high end for price of RMB22.9, which corresponds to the basic earnings per share of RMB1.2 and 19.1 times over the static price-to-earnings ratio of the Company realized in 2018.
6. Implementation period of this shareholding increase: from 30 September 2019 to 31 March 2020.

7. Lock-up period: the above subjects of this shareholding increase undertake that the Shares acquired in this shareholding increase will not be sold within six months after the completion of the last acquisition under this shareholding increase plan.
8. The funds required for this shareholding increase will be self-owned or self-raised funds.

III. Risks about implementation of this shareholding increase plan

1. There may be risks that this shareholding increase plan may not be fully implemented due to changes in the capital market and other factors.
2. There may be risks that this shareholding increase plan may not be fully implemented in the case of failure of some Directors, the senior management and the chairman of the Supervisory Committee to obtain enough funds for shareholding increase where they adopted the way of self-raised funds to finance it.

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

Shanghai, the PRC
29 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.