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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)**

# **INDICATIVE ANNOUNCEMENT REGARDING THE PROPOSED STOCK INCENTIVE PLAN**

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**”).

For the purpose of further improving the corporate governance structure of the Company, establishing the risk-bearing and benefit-sharing mechanism among the employees, the Company and the shareholders, attracting and retaining outstanding management talents and core calibers, effectively mobilizing the initiatives of the management and core calibers of the Company, and promoting the long-term, sustainable and healthy development of the Company, Red Star Macalline Group Corporation Ltd. (hereinafter referred to as the “**Company**”) intends to formulate the stock incentive plan (hereinafter referred to as the “**Incentive Plan**”) in accordance with the requirements under the relevant laws, regulations and normative documents such as the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, and the Administrative Measures on Equity Incentive of Listed Companies.

After preliminary study, the Incentive Plan is intended to adopt share options as the form of incentive. The source of shares shall be such RMB ordinary A shares of the Company specifically issued to the incentive participants by the Company.

The matters in relation to the stock incentives are still at the planning stage, and it is necessary to discuss and communicate with the relevant parties in full on matters such as the number of proposed incentive participants, the willingness of proposed incentive participants, the size of the Incentive Plan and fundraising. Given that the relevant communication matters have not been completed and that the specific plans and details are still subject to further study and discussion, and consideration and approval of the Board of Directors and the general meeting of the Company are required, there are uncertainties as to whether the Incentive Plan can be fully implemented.

The Company will work on the specific plans of the Incentive Plan as soon as possible, advance the progress of relevant works, and fulfill the information disclosure obligations in strict compliance with the relevant laws and regulations.

Investors are advised to pay attention to the announcements of the Company and be aware of investment risks.

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## **I. THE BASIC FORM OF THE INCENTIVE PLAN**

After preliminary study, the Incentive Plan is intended to adopt share options as the form of incentive. The source of shares shall be such RMB ordinary A shares of the Company specifically issued to the incentive participants by the Company.

## **II. NUMBER OF SUBJECT SHARES OF THE INCENTIVE PLAN**

The total equity of this Incentive Plan proposed to be granted to the incentive participants shall not exceed 35.50 million shares, which are related to the subject shares of RMB ordinary A shares, representing approximately 1% of the current total share capital of the Company (i.e. 3,550 million shares).

The total subject shares involved in the Incentive Plan of the Company within the validity period shall not exceed 10% of the total share capital of the Company. The number of shares of the Company granted to any incentive participant of the Incentive Plan within the validity period shall not exceed 1% of the total share capital of the Company.

## **III. PARTICIPANTS OF THE INCENTIVE PLAN**

The scope of the participants proposed to be awarded in this Incentive Plan includes directors, the senior management of the Company, the management and core and key staff of the Company and its subsidiaries, excluding independent directors, supervisors, the shareholders or actual controllers holding more than 5% of the shares individually or in aggregate, and their respective spouses, parents and children.

## **IV. EXPECTED TIME OF DISCLOSURE OF THE DRAFT OF THE INCENTIVE PLAN**

The Company proposes to disclose the draft of the proposed Incentive Plan in not more than 90 working days from the date of publication of the announcement.

## V. RISK WARNING

The matters in relation to the stock incentives are still at the planning stage, and it is necessary to discuss and communicate with the relevant parties in full on matters such as the number of proposed incentive participants, the willingness of proposed incentive participants, the size of the Incentive Plan and fundraising. Given that the relevant communication matters have not been completed and that the specific plans and details are still subject to further study and discussion, and consideration and approval of the Board of Directors and the general meeting of the Company are required, there are uncertainties as to whether the Incentive Plan can be fully implemented.

The Company will work on the specific plans of the Incentive Plan as soon as possible, advance the progress of relevant works, and fulfill the information disclosure obligations in strict compliance with the relevant laws and regulations.

Investors are advised to pay attention to the announcements of the Company and be aware of investment risks.

Notice is hereby given.

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

Shanghai, the PRC  
18 November 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, XU Guofeng, JING Jie and XU Hong; and the independent non-executive Directors are QIAN Shizheng, LEE Kwan Hung, Eddie, WANG Xiao and ZHAO Chongyi.*