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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 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**”).

Reference is made to the announcement dated 29 September 2019 of Red Star Macalline Group Corporation Ltd. (hereinafter referred to as the “**Company**”), regarding some Directors, some senior management and the chairman of the Supervisory Committee of 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 has a high end for price of RMB22.9.

On 31 December 2019, the Company was informed by some Directors, some senior management and the chairman of the Supervisory Committee (hereinafter referred to as the “**above-mentioned persons**”) that the above-mentioned persons have recently acquired 3,646,681 Shares of the Company in total through the Shanghai Stock Exchange, representing 0.1027% of the total share capital of the Company. Before this shareholding increase, the above-mentioned persons held 740,364 Shares of the Company in total, representing 0.0209% of the total share capital of the Company. After this shareholding increase, the above-mentioned persons hold 4,387,045 Shares of the Company in total, representing 0.1236% of the total share capital of the Company. As of 31 December 2019, a total of RMB41,728,900 has been used to acquire 3,746,681 Shares of the Company by the above-mentioned persons on a voluntary basis and the aggregate amount used for this shareholding increase of above-mentioned persons has exceeded 50% of the amount to this shareholding increase plan.

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 due to failure of obtaining sufficient funds by some Directors, some senior management and the chairman of the Supervisory Committee, as they may choose to finance the shareholding increase by self-raised funds.

I. Basic information of this shareholding increase plan

Some Directors, some senior management and the chairman of the Supervisory Committee of the Company voluntarily increased their respective shareholdings of the Company based on the confidence in the prospect of the Company's future development and the recognition of the Company's long-term investment value and proposed to increase their respective shareholdings of the Company 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 has a high end for price of RMB22.9.

For details, please refer to the Announcement on the Voluntary Participation of Some Directors, Supervisors and Senior Management in the Shareholding Increase Plan of the Company as disclosed on the website of the Hong Kong Stock Exchange on 29 September 2019 and the designated media regarding information disclosure on 30 September 2019, respectively.

II. The implementation progress of this shareholding increase plan

1. Before this shareholding increase, the above-mentioned persons held 740,364 Shares of the Company in total, representing 0.0209% of the total share capital of the Company. After this shareholding increase, the above-mentioned persons hold 4,387,045 Shares of the Company in total, representing 0.1236% of the total share capital of the Company. The details for the progress of the shareholding increase are as follows:

Subject of shareholding increase	Position	Number of Shares 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)	Aggregate amount of voluntary shareholding increase (RMB ten thousand)
JIANG Xiaozhong	Director	160,900	0.0045	676,600	749.81	837,500	776.71
PAN Ning	Chairman of the Supervisory Committee	66,700	0.0019	782,000	872.50	848,700	894.01
LIU Yuanjin	Senior management	121,400	0.0034	691,438	784.65	812,838	811.73
LI Jianhong	Senior management	81,800	0.0023	402,500	455.39	484,300	466.18
ZHANG Peifeng	Senior management	60,564	0.0017	154,800	174.86	215,364	179.70
CHEN Donghui	Senior management	58,700	0.0017	898,943	982.32	957,643	993.07
ZHANG Xian	Senior management	73,500	0.0021	40,400	45.54	113,900	51.49

As of 31 December 2019, a total of RMB41,728,900 has been used to acquire 3,746,681 Shares of the Company through centralized bidding by the above-mentioned persons on a voluntary basis and the aggregate amount used for this shareholding increase of above-mentioned persons has exceeded 50% of the amount to this shareholding increase plan.

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 due to failure of obtaining sufficient funds by some Directors, some senior management and the chairman of the Supervisory Committee, as they may choose to finance the shareholding increase by self-raised funds.

IV. Other matters

1. 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.
2. The Company will continue to pay attention to the relevant situation of this 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, the Measures for the Administration of the Takeover of Listed Companies, the 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.

Notice hereby is given.

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

Shanghai, the PRC
2 January 2020

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.