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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 FULL IMPLEMENTATION 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 then Directors, 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.

During the period of this shareholding increase plan, Mr. GUO Binghe, vice chairman and the secretary to the Board of the Company, and Mr. XI Shichang, the person in charge of financial affairs, are unable to perform their voluntary shareholding increase plan as originally scheduled because they are successively restricted by the compliance requirements that persons in possession of inside information shall not trade in the Company’s Shares in the window periods before the publications of the periodic report for the third quarter of 2019, the proposed share option incentive scheme and 2019 Annual Report of the Company and have no time window to voluntarily increase their shareholding in the Company. Therefore, the Company has extended the implementation period for six months, and the expiration date is extended from 31 March 2020 to 30 September 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.

Recently, the Company was informed by Mr. GUO Binghe and Mr. XI Shichang that they have acquired 202,400 Shares and 905,400 Shares of the Company in total respectively through centralized bidding on the Shanghai Stock Exchange as of 22 May 2020, representing 0.0057% and 0.0255% of the total share capital of the Company.

As of 22 May 2020, a total of RMB81.9491 million has been used in aggregate to acquire 7,317,760 Shares of the Company by some then Directors, senior management and the chairman of the Supervisory Committee of the Company (hereinafter referred to as the “**Nine Subjects of This Shareholding Increase**”) on a voluntary basis, representing 0.2061% of the total share capital of the Company, and the accumulated amount used for this shareholding increase by each subject has exceeded 100% of this shareholding increase plan and this shareholding increase plan has been fully implemented. The above Nine 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 their respective last shareholding increase of this shareholding increase plan.

## **I. Basic information of this shareholding increase plan**

Some then Directors, 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 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.

During the period of this shareholding increase plan, Mr. GUO Binghe, vice chairman and the secretary to the Board of the Company, and Mr. XI Shichang, the person in charge of financial affairs, are unable to perform their voluntary shareholding increase plan as originally scheduled because they are successively restricted by the compliance requirements that persons in possession of inside information shall not trade in the Company’s Shares in the window periods before the publications of the periodic report for the third quarter of 2019, the proposed share option incentive scheme and 2019 Annual Report of the Company and have no time window to voluntarily increase their shareholding in the Company. In line with the principles of voluntarily increasing the Company’s shareholding based on the confidence in the future development of the Company and the recognition of the long-term investment value of the Company, as well as good faith to fulfill the commitment, and safeguarding the interests of broad investors, the Company has extended the implementation period for six months, which means the expiration date is extended from 31 March 2020 to 30 September 2020. For details, please refer to the Announcement on the Progress of the Voluntary Participation of Some Directors, Supervisors and Senior Management in the Shareholding Increase and the Postponement of the Shareholding Increase Plan of the Company as disclosed on the website of the Hong Kong Stock Exchange on 31 March 2020 and the designated media regarding information disclosure on 1 April 2020, respectively.

## II. The implementation progress of this shareholding increase plan

Before this shareholding increase, Mr. GUO Binghe and Mr. XI Shichang held 116,800 Shares of the Company in total, representing 0.0033% of the total share capital of the Company; after this shareholding increase, Mr. GUO Binghe and Mr. XI Shichang hold 1,224,600 Shares of the Company in total, representing 0.0345% of the total share capital of the Company. The details for the progress of this 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)
GUO Binghe	Vice chairman and the secretary to the Board	59,800	0.0017	202,400	205.63
XI Shichang	Person in charge of financial affairs	57,000	0.0016	905,400	909.34

## III. The result of implementation of this shareholding increase plan

As of the disclosure date of this announcement, the Nine Subjects of This Shareholding Increase plan have spent a total of RMB81.9491 million to acquire 7,317,760 Shares of the Company on a voluntary basis, representing 0.2061% of the total share capital of the Company, and the amount used for this shareholding increase by each of them has exceeded 100% of this shareholding increase plan, and this shareholding increase plan has been fully implemented. The details for the shareholding increase are as follows:

Name	Position	Aggregate number of voluntary shareholding increase (share)	Aggregate amount of voluntary shareholding increase (RMB ten thousand)	Current number of Shares held (share)	Current shareholding percentage (%)	Fulfillment ratio of this plan <sup>Note</sup>
JIANG Xiaozhong	Executive Director	1,325,809	1,516.62	1,461,709	0.0412	101%
GUO Binghe	Vice chairman and the secretary to the Board	202,400	205.63	262,200	0.0074	103%
PAN Ning	Chairman of the Supervisory Committee	1,033,270	1,166.72	1,079,970	0.0304	101%
LIU Yuanjin	Senior management	1,349,438	1,565.32	1,445,838	0.0407	101%

Name	Position	Aggregate number of voluntary shareholding increase (share)	Aggregate amount of voluntary shareholding increase (RMB ten thousand)	Current number of Shares held (share)	Current shareholding percentage (%)	Fulfillment ratio of this plan <sup>Note</sup>
XI Shichang	Person in charge of financial affairs	905,400	909.34	962,400	0.0271	101%
LI Jianhong	Senior management	788,500	910.43	860,300	0.0242	101%
ZHANG Peifeng	Former senior management	310,000	353.52	366,064	0.0103	101%
CHEN Donghui	Former senior management	1,313,443	1,464.85	1,362,143	0.0384	101%
ZHANG Xian	Senior management	89,500	102.48	157,500	0.0044	102%

*Note: Fulfillment ratio of this plan = the aggregate amount of the shareholding increase/the lower funds limit for the proposed shareholding increase*

The above Nine 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 their respective last shareholding increase 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.

Notice hereby is given.

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

Shanghai, the PRC  
22 May 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.*