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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)

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The board of directors (the “**Board**”) of Red Star Macalline Group Corporation Ltd. (the “**Company**”) proposes to make certain amendments to the articles of association of the Company (the “**Articles of Association**”). The proposed amendments to the Articles of Association is subject to approval by the Shareholders at the 2019 third extraordinary general meeting (the “**2019 Third EGM**”), and it is proposed at the 2019 Third EGM to authorize the Board and the Board to then authorize the operating management of the Company to handle relevant formalities such as the registration/filing of changes with relevant authorities in respect of the amendments to the Articles of Association.

For details relating to the time and arrangement of the 2019 Third EGM, please refer to the circular of the Company dated 11 November 2019 and the supplemental circular to be issued by the Company in due course.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

For the purpose of further improving the corporate governance system of the Company, the Company proposes to make amendments to certain articles in the Articles of Association after taking into consideration its actual circumstances in accordance with the requirements under the relevant laws, regulations and normative documents such as the Reply of the State Council on the Adjustments of the Provisions Applicable to the Notice Period of Convening General Meetings of Shareholders and Other Matters Applicable to the Companies Listed Abroad (Guo Han [2019] No. 97) (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》(國函[2019]97號)) and the Opinions of the General Office of the State Council on Further Strengthening the Work for Protection of Legitimate Rights and Interests of Minority Investors in the Capital

Markets (Guo Ban Fa [2013] No. 110) (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》(國辦發[2013]110號)). Details of the amendments are as followings:

Existing Terms of the Articles of Association	Proposed Amendments to the Articles of Association
<p>Article 46 Change of the shareholders' register arising from share transfer shall not be registered within 30 days before convening of a general meeting or within five days prior to the benchmark date on which the Company decides to distribute dividends.</p>	<p>Article 46 Change of the shareholders' register arising from share transfer shall not be registered within 30 days before convening of a general meeting or within five days prior to the benchmark date on which the Company decides to distribute dividends. <u>If the relevant stock exchange or the regulatory authority at the location where the Company's shares are listed provides otherwise, such regulations shall prevail.</u></p>
<p>Article 67 Where the Company convenes a general meeting, a written notice shall be given 45 days prior to the date of the meeting to notify all the shareholders in the shareholders' register of the issues to be considered at the meeting, and the date and venue of the meeting. Any shareholder intending to attend the meeting shall deliver to the Company a written reply showing his intention to attend at least 20 days before the meeting.</p>	<p>Article 67 Where the Company convenes a general meeting, a written notice shall be given 45 days prior to the date of the meeting to notify all the shareholders in the shareholders' register of the issues to be considered at the meeting, and the date and venue of the meeting. Any shareholder intending to attend the meeting shall deliver to the Company a written reply showing his intention to attend at least 20 days before the meeting. <u>the convener shall notify all the shareholders by means of public announcement at least 20 business days before the date of the annual general meeting and at least 10 business days or 15 days (whichever is longer) before the date of the extraordinary general meeting.</u></p> <p><u>The duration of the aforesaid periods shall not include the date of such announcement and the date of the meeting. The "business day" in the Articles of Association shall mean a day on which the Hong Kong Stock Exchange is open for business for dealing in securities.</u></p>

<p>Article 69 Based on the written replies received 20 days before a general meeting, the Company shall calculate the number of voting shares represented by the shareholders who have intention to attend the general meeting. If the shareholders who intend to attend such meeting represent more than half of the total number of shares which have the right to vote at such meeting, the Company may hold the general meeting; otherwise, the Company shall, within five days, inform the shareholders again of the matters to be considered, and the date and venue of the general meeting by means of public announcement. The Company may then hold the general meeting after such public announcement has been made.</p>	<p>(Article 69 shall be deleted in its entirety).</p>
<p>Article 70 The notice of a general meeting shall meet the following requirements:</p> <ul style="list-style-type: none"> (I) Is in written form; (II) Specifies the venue, date and time of the meeting; (III) States matters to be discussed at the meeting; (IV) Provides such necessary information and explanations for shareholders to make an informed judgment on the matters to be considered. Without limitation to the generality of the foregoing, where a proposal is made with respect to the merger of the Company with another company, the repurchase of shares, the restructuring of share capital, or other reorganization of the Company, the terms of the proposed transaction must be provided in detail along with copies of the proposed contract (if any), and the reason(s) and effect of such proposal must be properly explained; 	<p>Article 70 Article 69 The notice of a general meeting shall meet the following requirements:</p> <ul style="list-style-type: none"> (I) Is in written form; (II) Specifies the venue, date and time of the meeting; (III) States matters to be discussed at the meeting; (IV) Provides such necessary information and explanations for shareholders to make an informed judgment on the matters to be considered. Without limitation to the generality of the foregoing, where a proposal is made with respect to the merger of the Company with another company, the repurchase of shares, the restructuring of share capital, or other reorganization of the Company, the terms of the proposed transaction must be provided in detail along with copies of the proposed contract (if any), and the reason(s) and effect of such proposal must be properly explained;

<p>(V) contains a disclosure of the nature and extent of the material interests of any director, supervisor, general manager or other senior executives in the proposed transaction and the effect which the proposed transaction will have on them in their capacity as shareholders insofar as it is different from the effect on interests of shareholders of the same class;</p> <p>(VI) contains the full text of any special resolution to be proposed at the meeting;</p> <p>(VII) contains a clear statement that a shareholder entitled to attend and vote at such meeting is entitled to appoint one or more proxies to attend and vote at such meeting on his behalf and that such proxy need not be a shareholder of the Company;</p> <p>(VIII) Sets out the equity registration date of shareholders who are entitled to attend the general meeting;</p> <p>(IX) Specifies the time and venue for serving the power of attorney for the voting proxy for the meeting; and</p> <p>(X) Lists the name(s) and telephone number(s) of the contact person(s) for the meeting.</p>	<p>(V) Contains a disclosure of the nature and extent of the material interests of any director, supervisor, general manager or other senior executives in the proposed transaction and the effect which the proposed transaction will have on them in their capacity as shareholders insofar as it is different from the effect on interests of shareholders of the same class;</p> <p>(VI) Contains the full text of any special resolution to be proposed at the meeting;</p> <p>(VII) Contains a clear statement that a shareholder entitled to attend and vote at such meeting is entitled to appoint one or more proxies to attend and vote at such meeting on his behalf and that such proxy need not be a shareholder of the Company;</p> <p>(VIII) Sets out the equity registration date of shareholders who are entitled to attend the general meeting, <u>and the interval between the equity registration date and the date of the meeting shall be subject to the requirements of the relevant stock exchange or the regulatory authority at the location where the Company's shares are listed;</u></p> <p>(IX) Specifies the time and venue for serving the power of attorney for the voting proxy for the meeting; and</p> <p>(X) Lists the name(s) and telephone number(s) of the contact person(s) for the meeting.</p>
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New Article 71

Article 71 In the voting on the election of directors and supervisors at a general meeting, the cumulative voting system shall be adopted in accordance with the requirements of the regulatory authorities at the location where the Company's shares are listed, the provisions under the Articles of Association or the resolutions passed at the general meeting. Under the cumulative voting system, the independent directors and other members of the Board shall be elected separately.

The cumulative voting system mentioned in the preceding paragraph means that when directors or supervisors are being elected at a general meeting, each of the ordinary shares (including preferred shares with voting rights restored) shall carry the same number of voting rights as the number of directors or supervisors to be elected, and the shareholders' voting rights may be exercised collectively.

The ways of cumulative voting are as follows:

(I) Each of the shares held by a shareholder shall carry the same number of voting rights as the number of director or supervisor candidates; when the Board or a qualified shareholder separately proposes the director or supervisor candidates, the number of voting rights carried by each share shall be calculated as per the number of non-repetitive director or supervisor candidates;

(II) In casting his/her/its votes for the director or supervisor candidates, a shareholder may exercise his/her/its voting rights by allocating his/her/its voting rights evenly and cast for each director or supervisor candidate the same number of voting rights as the shares he/she/it holds; or he/she/it may focus on one particular director or supervisor candidate and cast for that candidate all the voting rights represented by all of his/her/its shares multiplied by the number of director or supervisor candidates; or he/she/it may allocate his/her/its voting rights over several director or supervisor candidates and cast for each of them part of the voting rights represented by all of his/her/its shares multiplied by the number of director or supervisor candidates;

(III) Upon the exercise of his/her/its voting rights by focusing all the voting rights represented by all of his/her/its shares multiplied by the number of director or supervisor candidates on one or several of the director or supervisor candidates, a shareholder shall not have any right to vote for any other director candidates;

(IV) If the total number of voting rights centrally exercised by a shareholder on one or several of the director or supervisor candidates exceeds the number of voting rights represented by all the shares held by him/her/it, the voting by such shareholder shall be invalid and the shareholder shall be deemed to have abstained from voting; if the total number of voting rights centrally exercised by a shareholder on one or several of the director or supervisor candidates is less than the number of voting rights represented by all the shares held by him/her/it, the voting by such shareholder shall be valid and the remaining voting rights held by such shareholder shall be deemed to be waived;

	<p><u>(V) The director or supervisor candidates whose votes represent the most voting rights are elected as directors or supervisors;</u></p> <p><u>(VI) Independent directors and other directors shall be elected separately to ensure the proportion of independent directors in the Board of the Company.</u></p>
<p>Article 72 The notice of general meeting shall be delivered to shareholders (whether or not they are entitled to vote at the general meeting) by personal delivery or by prepaid mail to their addresses as shown in the shareholders' register, or by announcement on the website designated by the Company and the Hong Kong Stock Exchange in accordance with applicable laws, regulations and the Listing Rules. For holders of onshore-listed domestic shares, the notice of a general meeting may be issued in the form of public announcement.</p> <p>Public announcement referred to in the preceding paragraph shall be published in one or more newspaper(s) designated by the securities authority under the State Council during the period between 45 days to 50 days prior to the date of the meeting. Once the announcement has been published, all holders of onshore-listed domestic shares shall be deemed to have received the notice of relevant general meeting.</p>	<p>Article 72 The notice of general meeting shall be delivered to shareholders (whether or not they are entitled to vote at the general meeting) by personal delivery or by prepaid mail to their addresses as shown in the shareholders' register, or by announcement on the website designated by the Company and the Hong Kong Stock Exchange in accordance with applicable laws, regulations and the Listing Rules. For holders of onshore-listed domestic shares, the notice of a general meeting may be issued in the form of public announcement.</p> <p>Public announcement referred to in the preceding paragraph shall be published in one or more newspaper(s) designated by the securities authority under the State Council during the period between 45 days to 50 days prior to the date of the meeting. Once the announcement has been published, all holders of onshore-listed domestic shares shall be deemed to have received the notice of relevant general meeting.</p>
<p>Article 74 The accidental omission to give notice of meeting to, or non-receipt of notice of meeting by, any person entitled to receive notice shall not invalidate the meeting and the resolutions adopted at the meeting.</p>	<p><u>Article 74 Where the notice of general meeting is issued by the Company as required by the relevant stock exchange or the regulatory authority at the location where the Company's shares are listed,</u> the accidental omission to give notice of meeting to, or non-receipt of notice of meeting by, any person entitled to receive notice shall not invalidate the meeting and the resolutions adopted at the meeting.</p>

Article 78 The power of attorney for voting shall be deposited at the domicile of the Company or such other place as specified in the notice of meeting at least 24 hours prior to the meeting at which the proxy is authorized to vote or 24 hours before the scheduled voting time. Where such a power of attorney is signed by a person authorized by the principal, the power of attorney authorizing signature or other authorization documents shall be notarized. The notarized power of attorney and other authorization documents shall, together with the power of attorney for voting, be deposited at the company's domicile or other location as specified in the notice of the meeting.

Where the principal is a legal person, its legal representative or a person authorized by the Board or other decision making body shall attend the general meeting of the Company on his behalf.

For the purpose of the Articles of Association, the appointed person's attending such meeting or taking any action at such meeting shall be deemed as the principal's attending such meeting or taking relevant action (as the case may be).

Article 78 The power of attorney for voting shall be deposited at the domicile of the Company or such other place as specified in the notice of meeting at least 24 hours prior to the meeting at which the proxy is authorized to vote or 24 hours before the scheduled voting time. **If the relevant stock exchange or the regulatory authority at the location where the Company's shares are listed provides otherwise, such regulations shall prevail.**

Where such a power of attorney is signed by a person authorized by the principal, the power of attorney authorizing signature or other authorization documents shall be notarized. The notarized power of attorney and other authorization documents shall, together with the power of attorney for voting, be deposited at the company's domicile or other location as specified in the notice of the meeting.

Where the principal is a legal person, its legal representative or a person authorized by the Board or other decision making body shall attend the general meeting of the Company on his behalf.

For the purpose of the Articles of Association, the appointed person's attending such meeting or taking any action at such meeting shall be deemed as the principal's attending such meeting or taking relevant action (as the case may be).

Article 110 Where the Company convenes a class general meeting, a written notice shall be given 45 days prior to the date of the meeting to notify all the shareholders of the said class in the shareholders' register of the issues to be considered at the meeting, and the date and venue of the meeting. Any shareholder intending to attend the meeting shall serve to the Company a written reply showing his intention to attend at least 20 days before the date of the meeting.

Where the number of voting shares represented by shareholders intending to attend the meeting amounts to more than a half of the total number of voting shares of that class, the Company may convene the class general meeting; if not, the Company shall, within five days, notify shareholders again of the issues to be considered, date and venue of the meeting in the form of public announcements. The Company may then convene the class general meeting after such announcements.

~~Article 110~~ Where the Company convenes a class general meeting, ~~a written notice shall be given 45 days prior to the date of the meeting to notify all the shareholders of the said class in the shareholders' register of the issues to be considered at the meeting, and the date and venue of the meeting. Any shareholder intending to attend the meeting shall serve to the Company a written reply showing his intention to attend at least 20 days before the date of the meeting.~~ **a written notice shall be given at least 20 business days before the date of the annual general meeting and at least 10 business days or 15 days (whichever is longer) before the date of the extraordinary general meeting to notify all the shareholders of the said class in the shareholders' register of the issues to be considered at the meeting, the date and venue of the meeting.**

The duration of the aforesaid periods shall not include the date of such announcement and the date of the meeting.

The quorum of any class general meeting (excluding adjourned meeting thereof) held to consider modifying the rights of any class of shares shall be at least one-third of the holders of the shares of the said class already issued.

~~Where the number of voting shares represented by shareholders intending to attend the meeting amounts to more than a half of the total number of voting shares of that class, the Company may convene the class general meeting; if not, the Company shall, within five days, notify shareholders again of the issues to be considered, date and venue of the meeting in the form of public announcements. The Company may then convene the class general meeting after such announcements.~~

Note: If the numbering of the articles in the Articles of Association is changed due to the addition or deletion of certain articles made in this amendment, the numbering of the articles in the Articles of Association of the Company as so amended shall be changed accordingly, including cross-references.

Save for the above amendments to the provisions, other provisions of the Articles of Association will remain unchanged. The proposed amendments to the Articles of Association are subject to approval of the Shareholders at the 2019 Third EGM, and it is proposed at the 2019 Third EGM to authorize the Board and the Board to then authorize the operating management of the Company to handle relevant formalities such as the registration/filing of changes with relevant authorities in respect of the amendments to the Articles of Association. For details relating to the time and arrangement of the 2019 Third EGM, please refer to the circular of the Company dated 11 November 2019 and the supplemental circular to be issued by the Company in due course.

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

Shanghai, the PRC
5 December 2019

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.