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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**”) announced on 19 August 2020 that, the Board proposed to make certain amendments to the articles of association of the Company (the “**Articles of Association**”) according to the provisions of the Securities Law of the People’s Republic of China (implemented from 1 March 2020), the Guidelines for the Articles of Association of Listed Companies (2019 Revision) and other laws and regulations and normative documents, and based on the actual situation of the Company in order to further improve the corporate governance system of the Company. The proposed amendments to the Articles of Association are subject to approval by the shareholders at the extraordinary general meeting, and it is proposed at the extraordinary general meeting 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 competent departments in respect of the amendments to the Articles of Association.

For details relating to the time and arrangement of the extraordinary general meeting, please refer to the circular to be issued by the Company in due course.

## **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

The Board proposed to make certain amendments to the Articles of Association according to the provisions of the Securities Law of the People’s Republic of China (implemented from 1 March 2020), the Guidelines for the Articles of Association of Listed Companies (2019 Revision) and other laws and regulations and normative documents, and based on the actual situation of the Company in order to further improve the corporate governance system of the Company.

Details of the amendments to the Articles of Association are as follows:

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 35</b> If the directors, supervisors, senior executives of the Company or any shareholders who holds more than 5% of the domestic shares of the Company, sell his/her shares in the Company within six months of his/her purchase, or purchase the shares again within six months after the sale, the profits thus made shall accrue to the Company and the Board shall collect all such profits. If a securities company serving as the underwriter purchases all the unsold shares and therefore holds more than 5% of the shares, it is not subject to the six months restriction against selling such shares.</p> <p>If the Board fails to comply with the provision set out in the preceding paragraph, the shareholders have the right to request the Board to do so within 30 days. The shareholders have the right to initiate litigation in the court directly in their own name for the interests of the Company if the Board fails to comply with the provision within the period specified hereinabove.</p> <p>If the Board refuses to comply with paragraph (1) of this Article, the directors at fault shall be collectively responsible under the relevant laws.</p>	<p><b>Article 35</b> If the directors, supervisors, senior executives of the Company or any shareholders who holds more than 5% of the domestic shares of the Company, sell his/her shares in the Company <b><u>or other securities with an equity nature</u></b> within six months of his/her purchase, or purchase the shares <b><u>or other securities with an equity nature</u></b> again within six months after the sale, the profits thus made shall accrue to the Company and the Board shall collect all such profits. <b><u>However</u></b>, if a securities company <del>serving as the underwriter</del> purchases all the unsold <b><u>underwritten</u></b> shares and therefore holds more than 5% of the shares, it is not subject to the six months restriction against selling such shares, <b><u>and other circumstances stipulated by the securities regulatory authority under the State Council are excluded.</u></b></p> <p><b><u>The shares or other securities with an equity nature held by directors, supervisors, senior executives and individual shareholders referred to in the preceding paragraph include the shares or other securities with an equity nature held by their spouses, parents, and children, and any of the above which is indirectly held in others' accounts.</u></b></p> <p>If the Board fails to comply with the provision set out in <del>the preceding paragraph</del> <b><u>(1) of this Article</u></b>, the shareholders have the right to request the Board to do so within 30 days. The shareholders have the right to initiate litigation in the court directly in their own name for the interests of the Company if the Board fails to comply with the provision within the period specified hereinabove.</p> <p>If the Board refuses to comply with paragraph (1) of this Article, the directors at fault shall be collectively responsible under the relevant laws.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 46</b> 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. 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.</p>	<p><b>Article 46</b> 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. If <b><u>the laws, administrative regulations, departmental rules, normative documents and</u></b> the relevant stock exchange or the regulatory authority at the location where the Company's shares are listed provides otherwise <b><u>during the period of closure of the register of members prior to a general meeting or before the benchmark date on which the Company decides to distribute dividends,</u></b> such regulations shall prevail.</p>
<p><b>Article 61</b> A general meeting shall exercise the following functions and powers:</p> <p>(I) To decide the business operation guideline and investment plan for the Company;</p> <p>(II) To elect and replace directors and to decide on matters relating to remuneration of the directors;</p> <p>(III) To elect and replace supervisors who are not the employee representative and to decide on matters relating to remuneration of the supervisors;</p> <p>(IV) To examine and approve reports of the Board;</p> <p>(V) To examine and approve reports of the Supervisory Committee;</p> <p>(VI) To examine and approve the annual financial budgets and final accounting plans of the Company;</p> <p>(VII) To examine and approve the Company's profit distribution plan and loss recovery plan;</p>	<p><b>Article 61</b> A general meeting shall exercise the following functions and powers:</p> <p>(I) To decide the business operation guideline and investment plan for the Company;</p> <p>(II) To elect and replace directors and to decide on matters relating to remuneration of the directors;</p> <p>(III) To elect and replace supervisors who are not the employee representative and to decide on matters relating to remuneration of the supervisors;</p> <p>(IV) To examine and approve reports of the Board;</p> <p>(V) To examine and approve reports of the Supervisory Committee;</p> <p>(VI) To examine and approve the annual financial budgets and final accounting plans of the Company;</p> <p>(VII) To examine and approve the Company's profit distribution plan and loss recovery plan;</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>(VIII) To resolve on increase or decrease of the registered capital of the Company;</p> <p>(IX) To resolve on the merger, division, dissolution, liquidation or transformation of the Company;</p> <p>(X) To resolve on the issuance of corporate bonds and other securities and the listing of the Company;</p> <p>(XI) To resolve on the appointment, removal or non-reappointment of certified public accountants of the Company;</p> <p>(XII) To amend the Articles of Association;</p> <p>(XIII) To examine proposals made by shareholders severally or jointly representing more than 3% of the voting shares of the Company;</p> <p>(XIV) To examine and approve the guarantees under Article 62;</p> <p>(XV) To examine the Company's purchase or disposal of major assets within one year or matters with the amount guaranteed exceeding 30% of the total assets of the Company;</p> <p>(XVI) To examine and approve any changes to the use of proceeds;</p> <p>(XVII) To review share incentive plans;</p> <p>(XVIII) To resolve on other matters which, in accordance with the laws, administrative regulations, listing rules of the stock exchange with which the Company's shares are listed and the Articles of Association, shall be approved by a general meeting.</p>	<p>(VIII) To resolve on increase or decrease of the registered capital of the Company;</p> <p>(IX) To resolve on the merger, division, dissolution, liquidation or transformation of the Company;</p> <p>(X) To resolve on the issuance of corporate bonds and other securities and the listing of the Company;</p> <p>(XI) To resolve on the appointment, removal or non-reappointment of certified public accountants of the Company;</p> <p>(XII) To amend the Articles of Association;</p> <p>(XIII) To examine proposals made by shareholders severally or jointly representing more than <u>31</u>% of the voting shares of the Company;</p> <p>(XIV) To examine and approve the guarantees under Article 62;</p> <p>(XV) To examine the Company's purchase or disposal of major assets within one year or matters with the amount guaranteed exceeding 30% of the total assets of the Company;</p> <p>(XVI) To examine and approve any changes to the use of proceeds;</p> <p>(XVII) To review share incentive plans;</p> <p>(XVIII) To resolve on other matters which, in accordance with the laws, administrative regulations, listing rules of the stock exchange with which the Company's shares are listed and the Articles of Association, shall be approved by a general meeting.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 68</b> The contents of the resolutions must be within the scope of duties of general meetings. It must contain clear topics and detailed matters to be resolved at the meeting, and be in compliance with the relevant laws, administrative regulations and the Articles of Association.</p> <p>At general meetings of the Company, the Board, the Supervisory Committee, and shareholder(s) individually or jointly holding more than 3% of the Company's shares shall have the right to propose motions to the Company. The content of a proposal shall be determined by the general meeting, have definite topics and specific issues for resolution, and shall comply with the provisions of the laws, regulations and the Articles of Association.</p> <p>Shareholder(s) individually or jointly holding more than 3 % of the Company's shares may submit a written provisional motion to the convener 10 days before a general meeting is convened; the convener shall issue a supplementary notice of general meeting within two days after receipt of the said provisional motion, to notify other shareholders and to submit the said provisional proposal to the general meeting for consideration.</p> <p>Except as provided in the preceding paragraph, after the convener issues a public notice of the general meeting, he/she shall not change the proposals or add any new proposals in the notice of the general meeting.</p> <p>Proposals not set out in the notice of general meeting or not complying with the provision herein shall not be voted on or resolved at the general meeting.</p>	<p><b>Article 68</b> The contents of the resolutions must be within the scope of duties of general meetings. It must contain clear topics and detailed matters to be resolved at the meeting, and be in compliance with the relevant laws, administrative regulations and the Articles of Association.</p> <p>At general meetings of the Company, the Board, the Supervisory Committee, and shareholder(s) individually or jointly holding more than <u>31</u>% of the Company's shares shall have the right to propose motions to the Company. The content of a proposal shall be determined by the general meeting, have definite topics and specific issues for resolution, and shall comply with the provisions of the laws, regulations and the Articles of Association.</p> <p>Shareholder(s) individually or jointly holding more than <u>31</u>% of the Company's shares may submit a written provisional motion to the convener 10 days before a general meeting is convened; the convener shall issue a supplementary notice of general meeting within two days after receipt of the said provisional motion, to notify other shareholders and to submit the said provisional proposal to the general meeting for consideration.</p> <p>Except as provided in the preceding paragraph, after the convener issues a public notice of the general meeting, he/she shall not change the proposals or add any new proposals in the notice of the general meeting.</p> <p>Proposals not set out in the notice of general meeting or not complying with the provision herein shall not be voted on or resolved at the general meeting.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 85</b> Shareholders (including proxies thereof) who vote at a general meeting shall exercise their voting rights as per the number of voting shares they represent. Each share carries the right to one vote.</p> <p>When material issues affecting the interests of small and medium investors are being considered at the general meeting, the votes of such investors shall be counted separately. The separate counting results shall be promptly and publicly disclosed.</p> <p>Shares held by the Company have no voting rights, and such shares will not be included in the total number of shares with voting rights at the general meeting.</p>	<p><b>Article 85</b> Shareholders (including proxies thereof) who vote at a general meeting shall exercise their voting rights as per the number of voting shares they represent. Each share carries the right to one vote.</p> <p>When material issues affecting the interests of small and medium investors are being considered at the general meeting, the votes of such investors shall be counted separately. The separate counting results shall be promptly and publicly disclosed.</p> <p>Shares held by the Company have no voting rights, and such shares will not be included in the total number of shares with voting rights at the general meeting.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>The Board, independent non-executive directors and shareholders who satisfy the relevant regulations and conditions may publicly solicit voting rights from the shareholders. When soliciting voting rights from the shareholders, information such as specific voting intentions should be fully disclosed to the shareholders being solicited. Soliciting voting rights from the shareholders with compensation or disguised compensation is prohibited. The Company must not set a lowest shareholding percentage when soliciting the shareholder voting rights.</p> <p>When considering related transactions during the general meeting, the related shareholders must not participate in the voting, and the number of shares with voting rights represented by him/her shall not be included in the total number of valid votes. The announcement on the resolutions shall fully disclose the voting of the non-related shareholders.</p> <p>Voting at the general meeting shall be conducted by poll with registration.</p> <p>Pursuant to the applicable laws and regulations and the Listing Rules of the stock exchange on which the Company’s shares are listed, whereas any shareholder is required to abstain from voting on any particular resolution or restricted to voting only for or against any particular resolution, any vote cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be tallied.</p>	<p><del>The Board, independent non-executive directors and shareholders who satisfy the relevant regulations and conditions may publicly solicit voting rights from the shareholders. When soliciting voting rights from the shareholders, information such as specific voting intentions should be fully disclosed to the shareholders being solicited.</del>, <b><u>shareholders holding more than 1% of the voting shares or investor protection institutions established in accordance with laws, administrative regulations or the provisions of the securities regulatory authority under the State Council (hereinafter referred to as “Investor Protection Institutions”)</u> may act as proxy solicitors and, by themselves or through their appointed securities companies or securities service institutions, publicly invite the shareholders of the listed company to entrust it to attend the general meetings and exercise the rights of shareholders, such as to propose and vote on resolutions, on their behalf.</b></p> <p><b><u>If the rights of shareholders are solicited in accordance with the preceding paragraph, the solicitors shall disclose the solicitation documents and the Company shall cooperate.</u></b></p> <p><del>Soliciting voting rights from the shareholders with compensation or disguised compensation is prohibited. The Company must not set a lowest shareholding percentage when soliciting the shareholder voting rights.</del></p> <p><b><u>If any public solicitation of shareholders’ rights violates laws, administrative regulations or relevant provisions of the securities regulatory authority under the State Council, thus causing the Company or its shareholders to suffer losses, the solicitors shall be liable for compensation according to laws.</u></b></p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
	<p>When considering related transactions during the general meeting, the related shareholders must not participate in the voting, and the number of shares with voting rights represented by him/her shall not be included in the total number of valid votes. The announcement on the resolutions shall fully disclose the voting of the non-related shareholders.</p> <p>Voting at the general meeting shall be conducted by poll with registration.</p> <p>Pursuant to the applicable laws and regulations and the Listing Rules of the stock exchange on which the Company's shares are listed, whereas any shareholder is required to abstain from voting on any particular resolution or restricted to voting only for or against any particular resolution, any vote cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be tallied.</p>
<p><b>Article 128</b> The Company sets a Board, which comprises 12 directors, including one chairman, one vice chairman and four independent non-executive directors.</p> <p>Independent non-executive directors may directly report to the general meeting, CSRC and other relevant regulatory authorities.</p>	<p><b>Article 128</b> The Company sets a Board, which comprises <del>12</del><b>14</b> directors, including one chairman, one vice chairman and <del>four</del><b>five</b> independent non-executive directors.</p> <p>Independent non-executive directors may directly report to the general meeting, CSRC and other relevant regulatory authorities.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 179</b> The financial statements of the Company shall be prepared in accordance with the PRC accounting standards and regulations as well as the international accounting standards or the accounting standards of the overseas listing place. If the financial statements prepared under the two accounting standards are discrepant significantly, such discrepancy shall be explained in the notes to the financial statements. The Company shall distribute the after-tax profit of the relevant fiscal year as per the less of the after-tax profits in the aforesaid two financial statements.</p>	<p><b>Article 179</b> The financial statements of the Company shall be prepared in accordance with the PRC accounting standards and regulations as well as <del>the international accounting standards or the accounting standards of the overseas listing place</del> <b><u>required under the rules of the places in which the Company's shares are listed.</u></b> If the financial statements prepared under the two accounting standards are discrepant significantly, such discrepancy shall be explained in the notes to the financial statements. The Company shall distribute the after-tax profit of the relevant fiscal year as per the less of the after-tax profits in the aforesaid two financial statements.</p>
<p><b>Article 180</b> The interim results or financial data announced or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations as well as the international accounting standards or the accounting standards of the overseas listing place.</p>	<p><b>Article 180</b> The interim results or financial data announced or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations as well as <del>the international accounting standards or the accounting standards of the overseas listing place</del> <b><u>required under the rules of the places in which the Company's shares are listed.</u></b></p>

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 extraordinary general meeting, and it is proposed at the extraordinary general meeting 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 competent departments in respect of the amendments to the Articles of Association. For details relating to the time and arrangement of the extraordinary general meeting, please refer to the 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  
20 August 2020

*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.*