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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)

CHANGE OF DIRECTOR AND PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The board of directors (the “**Board**”) of Red Star Macalline Group Corporation Ltd. (the “**Company**”) announces that, on 20 October 2020, the Board has resolved and approved to nominate Ms. QIN Hong (“**Ms. Qin**”) as an independent non-executive director and a member of the Strategy and Investment Committee. The appointment of Ms. Qin as an independent non-executive director of the Company shall be subject to approval by the shareholders of the Company (the “**Shareholders**”) at the extraordinary general meeting (the “**EGM**”).

Meanwhile, the Board recommends making certain amendments to the articles of association of the Company (the “**Articles of Association**”) as the total share capital of the Company has increased from 3,550,000,000 shares to 3,905,000,000 shares after the profit distribution and capitalization issue. The proposed amendments to the Articles of Association are subject to approval by the Shareholders at the EGM, and it is proposed at the 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 competent departments in respect of the amendments to the Articles of Association.

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

APPOINTMENT OF AN INDEPENDENT NON-EXECUTIVE DIRECTOR

On 20 October 2020, the Board has resolved and approved to nominate Ms. Qin as an independent non-executive director and a member of the Strategy and Investment Committee. Pursuant to Article 90 of the Articles of Association, the appointment of Ms. Qin shall be subject to the approval by the Shareholders at the EGM. For details relating to the time and arrangement of the EGM, please refer to the circular to be issued by the Company in due course.

The biographical details of Ms. Qin are set out below:

Ms. QIN Hong (秦虹), aged 57, started working at Renmin University of China in May 2019 and is currently a senior researcher at the National Academy of Development and Strategy in Renmin University of China. She served as an assistant researcher at the Urban-Rural Construction Economic Research Institute of China from 1988 to 1992 and successively served as an associate researcher, the deputy head and the head of the Institute of Housing and Real Estate of the Policy Research Centre of Ministry of Construction (currently known as Ministry of Housing and Urban-Rural Development) from 1992 to 1999. She successively served as a deputy director and director at the Policy Research Centre of Ministry of Housing and Urban-Rural Development from 1999 to 2019, while she also served as the dean of the Department of Urban-Rural Construction Economics of the Graduate School of Chinese Academy of Social Sciences from 2000 to 2004. She served as an independent non-executive director at Fang Holdings Limited (listed on the New York Stock Exchange, stock code: SFUN) from November 2019 to June 2020.

Ms. Qin studied at the Department of Business Economics of Shandong Economic Institute, China from September 1981 to July 1985 and obtained a bachelor's degree, and studied at the Department of Economics of Capital Construction of the Graduate School of Chinese Academy of Social Sciences from September 1985 to July 1988 and obtained a master's degree in economics.

Ms. Qin will enter into a service contract with the Company upon her appointment being approved by the Shareholders at the EGM. The term of her appointment will be from the date of approval of the appointment at the EGM to the end of the term of the fourth session of the Board of the Company, and the term of Ms. Qin's appointment as a member of the Strategy and Investment Committee of the Board will be the same as that of the other members of the Strategy and Investment Committee. According to the Articles of Association, Ms. Qin may seek re-election after the expiration of the term of her appointment. If Ms. Qin or the Company provides the counterparty with not less than one month's written notice, or Ms. Qin is not re-appointed after the expiration of the term of her appointment, the service contract will be terminated. Ms. Qin, as an independent non-executive director of the Company, will receive an emolument of RMB600,000 per year before tax.

Save as disclosed above, Ms. Qin did not hold any other positions in the Company or its subsidiaries, nor did she hold any directorships in any other public companies within the three years prior to the date of her appointment, of which the securities are listed on any securities market in Hong Kong or overseas, and nor did she have other major appointments and professional qualifications.

To the best knowledge of the Company, Ms. Qin does not have any relationship with any other directors, senior management, substantial shareholders or controlling shareholders of the Company, and does not have any interests in the securities of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and has not been subject to any disciplinary action by the China Securities Regulatory Commission or any other relevant authorities or The Stock Exchange of Hong Kong Limited.

Save as disclosed above, there is no other information required to be disclosed pursuant to the requirements of Rules 13.51(2)(h) to 13.51(2)(v) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), nor are there any other matters that need to be brought to the attention of the Shareholders, relating to Ms. Qin's appointment.

The Company considers that Ms. Qin has met the independence requirements set out in Rule 3.13 of the Listing Rules.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Board recommends making certain amendments to the Articles of Association as the total share capital of the Company has increased from 3,550,000,000 shares to 3,905,000,000 shares after the profit distribution and capitalization issue.

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

Existing Terms of Articles of Association				Proposed Amendments to Articles of Association			
Article 18 Before the initial public offering of overseas listed foreign shares of the Company, the Company's share capital is RMB3,080,329,038, the total number of shares is 3,080,329,038, which are all ordinary shares, and the equity structure is:				Article 18 Before the initial public offering of overseas listed foreign shares of the Company, the Company's share capital is RMB3,080,329,038, the total number of shares is 3,080,329,038, which are all ordinary shares, and the equity structure is:			
SN	Promoter	Amount of shares held (share)	Shareholding percentage (%)	SN	Promoter	Amount of shares held (share)	Shareholding percentage (%)
1.	Shanghai Red Star Macalline Investment Company Limited	2,480,315,772	80.52	1.	Shanghai Red Star Macalline Investment Company Limited	2,480,315,772	80.52
2.	Candlewood Investment SRL	338,054,924	10.97	2.	Candlewood Investment SRL	338,054,924	10.97
3.	Springwood Investment SRL	181,170,145	5.88	3.	Springwood Investment SRL	181,170,145	5.88
4.	Shanghai Ping'an Pharmacy Company Limited	3,688,206	0.12	4.	Shanghai Ping'an Pharmacy Company Limited	3,688,206	0.12
5.	Shanghai Jinghai Assets Management Center (Limited Partnership)	56,849,998	1.85	5.	Shanghai Jinghai Assets Management Center (Limited Partnership)	56,849,998	1.85
6.	Shanghai Kaixing Business Administration Center (Limited Partnership)	7,589,999	0.25	6.	Shanghai Kaixing Business Administration Center (Limited Partnership)	7,589,999	0.25
7.	Shanghai Hongmei Investment Management Center (Limited Partnership)	12,659,994	0.41	7.	Shanghai Hongmei Investment Management Center (Limited Partnership)	12,659,994	0.41
Total		3,080,329,038	100	Total		3,080,329,038	100

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>As approved by relevant regulatory authorities which are authorised by the State Council, the Company can issue 315,000,000 ordinary shares in total. The equity structure of the Company is as follows: 3,938,917,038 ordinary shares, including 2,876,103,969 onshore-listed domestic shares (A shares), representing 73.02% of the Company's total shares; 1,062,813,069 overseas listed foreign shares (H shares), representing 26.98% of the Company's total shares.</p> <p>Upon approval at the 2017 AGM, the A Share Class Meeting and the H Share Class Meeting convened on 8 June 2018 by the Company, the Company bought back 388,917,038 overseas listed foreign shares (H shares). Upon completion of the aforementioned buy-back and share cancellation, the equity structure of the Company is as follows: 3,550,000,000 ordinary shares, including 2,876,103,969 onshore-listed domestic shares (A shares), representing 81.02% of the Company's total shares; 673,896,031 overseas listed foreign shares (H shares), representing 18.98% of the Company's total shares.</p>	<p>As approved by relevant regulatory authorities which are authorised by the State Council, the Company can issue 315,000,000 ordinary shares in total. The equity structure of the Company is as follows: 3,938,917,038 ordinary shares, including 2,876,103,969 onshore-listed domestic shares (A shares), representing 73.02% of the Company's total shares; 1,062,813,069 overseas listed foreign shares (H shares), representing 26.98% of the Company's total shares.</p> <p>Upon approval at the 2017 AGM, the A Share Class Meeting and the H Share Class Meeting convened on 8 June 2018 by the Company, the Company bought back 388,917,038 overseas listed foreign shares (H shares). Upon completion of the aforementioned buy-back and share cancellation, the equity structure of the Company is as follows: 3,550,000,000 ordinary shares, including 2,876,103,969 onshore-listed domestic shares (A shares), representing 81.02% of the Company's total shares; 673,896,031 overseas listed foreign shares (H shares), representing 18.98% of the Company's total shares.</p> <p><u>Upon approval at the 2019 annual general meeting, A shareholders' class meeting and H shareholders' class meeting convened on 18 June 2020, the Company implemented the profit distribution and capitalization plan which was based on the Company's total share capital of 3,550,000,000 shares before the implementation and issued 0.1 bonus share per share to all shareholders by way of conversion of capital reserve, which resulted in an increase of 355,000,000 shares in total. After the distribution, the total share capital became 3,905,000,000 shares, including 3,163,714,366 A shares, representing 81.02% of the Company's total shares, and 741,285,634 H shares, representing 18.98% of the Company's total shares.</u></p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
Article 22 The registered capital of the Company is RMB3,550,000,000.	Article 22 The registered capital of the Company is RMB 3,550,000,000 3,905,000,000 .

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 is subject to approval of the Shareholders at the EGM, and it is proposed at the 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 competent departments in respect of the amendments to the Articles of Association. For details relating to the time and arrangement of the EGM, 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 October 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.