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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)**

### **A SHARE REPURCHASE PLAN**

The forty-third extraordinary meeting of the forth session of the Board was held by the Company on April 24, 2022 to consider and approve, among other items, the relevant resolution on the A Share Repurchase Plan.

The repurchased A Shares will be reserved exclusively for employee stock ownership plan or share incentive plan of the Company. The implementation period of the A Share Repurchase Plan will be no more than 12 months from the date when the A Share Repurchase Plan is considered and approved at the Board meeting. Pursuant to the relevant laws and regulations and the Articles of Association, the A Share Repurchase Plan is not required to be presented at the general meeting of the Company for consideration and approval.

This announcement is made by the Company pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) and Rules 13.09(2)(a) and 13.10B of the Listing Rules.

### **PRINCIPAL TERMS OF THE A SHARE REPURCHASE PLAN**

Pursuant to the relevant requirements under the PRC laws and regulations and normative documents such as the Company Law, the Securities Law of the PRC, the Opinion on Supporting Share Repurchase of Listed Companies, the SSE Listing Rules and No. 7 Self-regulatory Guideline of Shanghai Stock Exchange for Listed Companies – Repurchase of Shares, the Company intends to utilize self-owned or self-raised funds of no less than RMB150 million and no more than RMB300 million (both inclusive) to repurchase A Shares by means of centralized bidding transactions on the SSE.

The Board believes that the implementation of the A Share Repurchase Plan would not have any material adverse impact on the Company's operating activities, profitability, financial status, research and development capabilities, debt performance capabilities and future development. The implementation of the A Share Repurchase Plan, upon completion, would not result in the failure of meeting the listing requirements regarding shareholding structure and would not affect the Company's listing status.

## **1. Purpose of the A Share Repurchase Plan**

In view of the Company's confidence in its sustainable development and recognition of intrinsic investment value, and to safeguard the interests of investors, further establish and improve the long-term incentive mechanism and pursue a long-term and sustainable value for the Shareholders, taking into account the performance of the Company in the secondary market recently, the Company intends to carry out the share repurchase under the A Share Repurchase Plan depending on its operating conditions, financial position, and future profitability prospects.

## **2. The category of the shares to be repurchased**

A Shares of the Company listed on the SSE.

## **3. Method of repurchase of A Shares**

Repurchasing A Shares by means of centralized bidding transaction on the SSE.

## **4. Price of the repurchase**

The price of the share repurchase under the A Share Repurchase Plan shall not exceed 150% of the average trading price of the A Shares in 30 trading days prior to the date of approval of the resolution in relation to the A Share Repurchase Plan by the Board. Therefore, the price of the repurchase of A Shares shall not exceed RMB11.04 per A Share.

In the event of any ex-entitlement or ex-dividend event in respect of the Company during the term of the repurchase, such as distribution of dividends, bonus issue, capitalization issue, division of shares, reduction of shares and placing of shares, the Company will adjust the repurchase price range accordingly in accordance with the relevant requirements of the CSRC and the SSE.

## **5. Total amount of funds, the uses and number of A shares to be repurchased and its percentage to the total share capital of the Company**

The total amount of funds for the share repurchase under the A Share Repurchase Plan shall not be less than RMB150 million and shall not exceed RMB300 million (both inclusive). The A Shares to be repurchased will be reserved exclusively for the employee stock ownership plan or share incentive plan of the Company.

Calculating at the maximum amount of funds for the repurchase is RMB300 million, and the maximum price for the repurchasing A Shares is RMB11.04 per A Share, the number of A Shares which can be repurchased by the Company is 27,173,913 Shares, representing approximately 0.62% of the existing total share capital of the Company of 4,354,732,673 Shares.

## **6. Source of funds for the share repurchase**

The funds for the repurchase shall all be derived from the self-owned or self-raised funds of the Company.

## **7. Implementation period of the A Share Repurchase Plan**

The implementation period of the A Share Repurchase Plan will be no more than 12 months from the date when the A Share Repurchase Plan is considered and approved at the Board meeting.

The share repurchase period shall expire early in the following circumstances:

- (1) If the maximum amount of funds for the share repurchase is reached within the period, the A Share Repurchase Plan is fully implemented, which indicates the share repurchase period ends in advance of its expiry; or
- (2) If the Board decides to terminate the A Share Repurchase Plan, the share repurchase period shall end in advance of its expiry since the date on which the Board determines to terminate the A Share Repurchase Plan.

During the implementation period of the A Share Repurchase Plan, in the event that the A Share's trading is suspended for more than 10 consecutive trading days due to the planning of major events, the implementation of the A Share Repurchase Plan shall be postponed until resumption of trading, and information relating thereto shall be disclosed promptly.

The implementation of the A Share Repurchase Plan will be subject to market conditions and will be at the absolute discretion of the the management of the company and its authorized persons as authorized by the Board. Any repurchase under the A Share Repurchase Plan, if and when conducted, will be subject to and in compliance with the Articles of Association, the Rules Governing the Listing Rules (including but not limited to the black-out period under Appendix 10 to the Listing Rules), the Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission, the laws of the PRC and all applicable laws and regulations to which the Company is subject to.

The Company will not implement the A Share Repurchase Plan in the prohibited period of repurchase of shares stipulated by applicable laws and regulations.

## **8. Estimated changes in the shareholding structure of the Company upon the completion of the repurchase**

The A Shares to be repurchased by the Company shall be reserved exclusively for the employee stock ownership plan or share incentive plan of the Company.

The registered capital and existing shareholding structure of the Company will remain unchanged after the completion of the repurchase.

Assume that in extreme cases, if the Company fails to use repurchased A Shares for the above purposes within the time limit prescribed by laws and regulations, there is a risk of cancellation of the outstanding shares (“**Cancellation of Shares**”).

**9. Analysis of the impact of the share repurchase on the Company's operating activities, financial status, debt performance capability and future major developments**

As of December 31, 2021, the Company's total assets were RMB135,187.54 million, total liabilities were RMB77,656.32 million, and the net assets attributable to Shareholders were RMB53,981.80 million. In the event that the maximum amount of funds of RMB300 million are fully used, the proportion of funds spent on the share repurchase will account for approximately 0.22% of the Company's total assets and approximately 0.56% of the net assets attributable to Shareholders, respectively, calculated according to the financial data as of December 31, 2021.

The repurchase under the A Share Repurchase Plan would not have any material adverse impact on the Company's operating activities, profitability, financial status, research and development capabilities, debt performance capabilities and future development. The implementation of the A Share Repurchase Plan, upon completion, would not result in the failure of meeting the listing requirements regarding shareholding structure and would not affect the Company's listing status.

The Board has provided the "Guarantee in respect of the Share Repurchase without Impairing the Company's Debt Performance Capability or Sustainable Operation Ability".

**10. Opinions of independent Directors on matters relating to the compliance, necessity, rationality and feasibility of the A Share Repurchase Plan**

Upon reviewing the A Share Repurchase Plan, the independent Directors have come to the view that the A Share Repurchase Plan is in line with relevant laws, regulations and the provisions of the Articles of Association; is feasible, necessary and reasonable; and is in the interests of the Company and the Shareholders.

**11. Descriptions on the transaction of Shares by the Directors, supervisors, senior management, controlling Shareholders and de facto controller of the Company within 6 months prior to the resolution on share repurchase made by the Board and other related matters**

The company was informed at December 22, 2021, that Red Star Macalline Holding Group Co. Ltd. (the "**Red Star Holding**"), the controlling shareholder of the Company, reduced its holding of 68,880,000 A shares through block trading, which accounted for 1.58% of the total share capital. The shareholding reduction plan has been implemented.

Save for the above, the Directors, supervisors, senior management, controlling Shareholders and de facto controller of the Company did not transact any Shares of the Company within the 6 months prior to the resolution on share repurchase made by the Board. The above-mentioned persons have no conflict of interest with the A Share Repurchase Plan, and they did not conduct any insider trading and market manipulation alone or with others.

The Company has sent inquiries to all the Directors, supervisors and senior management, and received their replies as follows:

Five members of the senior management (Mr. JIANG Xiaozhong, Ms. QIU Zhe, Mr. LIU Yuanjin, Mr. LI Jianhong and Mr. XI Shichang) have plans to increase their respective shareholdings in the public A Shares of the Company under the shareholding increase plan of the Company as announced on April 14, 2022. Apart from the above-mentioned, other Directors, supervisors and senior management have no plan to increase or decrease their ownership of Shares of the Company during the implementation period of the A Share Repurchase Plan.

**12. Explanations on the fact that all the Directors, supervisors, senior management and the Shareholders holding more than 5% of the Shares in the Company have no share selling plan in the next 3 months and 6 months**

The Company has sent inquiries to all its Directors, supervisors, senior management and Shareholders holding more than 5% of the Shares, and received their replies as follows:

As of the date of the resolution on the A Share Repurchase Plan being approved by the Board (April 24, 2022), all the Directors, supervisors and senior management of the Company have no plan to sell their Shares in the next 3 months and 6 months; Red Star Holding, the Shareholder holding more than 5% of the Shares, have no plan to sell their A Shares in the next 3 months and 6 months.

**13. Relevant arrangements for cancellation or transfer of the shares in accordance with law after repurchasing such shares**

The A Shares to be repurchased by the Company will be reserved exclusively for the employee stock ownership plan or share incentive plan of the Company. The Company will complete the transfer of such A Shares within three years after the disclosure of the announcement regarding the share repurchase results.

If any Cancellation of Shares occurs, the registered capital of the Company will be reduced accordingly. The Company will then complete the relevant procedures for reducing its registered capital in accordance with the relevant provisions of the Company Law.

**14. Relevant arrangements of the Company to prevent violations of the interests of creditors**

In the event of a Cancellation of Shares, the Company will notify its creditors and complete other legal procedures in accordance with the relevant provisions of the Company Law, so as to fully protect the legitimate rights and interests of its creditors.

**15. The detailed implementation of the A Share Repurchase Plan**

The Board authorized the management of the Company and its authorized persons, the full authority to handle the specific implementation of the repurchase of A Shares under the A Share Repurchase Plan, including but not limited to determining the time, price and number of shares of the share repurchase; managing the special securities accounts or other relevant securities accounts for the share repurchase; and handling other necessary matters that are not specified but relevant to the share repurchase.

## **UNCERTAINTIES IN RESPECT OF THE A SHARE REPURCHASE PLAN**

The A Share Repurchase Plan may face the following uncertainties:

1. If the trading price of the A Shares continues to exceed the price range under the A Share Repurchase Plan during the repurchase period, there is a risk that the A Share Repurchase Plan cannot be implemented;
2. The A Shares to be repurchased are intended to be used for the employee stock ownership plan or share incentive plan of the Company. If the Company fails to use those A Shares for the above purposes within the time limit stipulated by laws and regulations, there is a risk of triggering the cancellation of the A Shares not transferred;
3. If there is a major event that has a significant impact on the trading price of the A Shares, or if there are significant changes in the production, operation, financial conditions or external objective conditions of the Company, or there are other matters that cause the Board to terminate the A Share Repurchase plan, then there is a risk that the A Share Repurchase Plan cannot be implemented successfully, or will be amended or terminated in accordance with the relevant rules;
4. The A Share Repurchase Plan does not represent the Company's commitment to repurchase its A Shares in the secondary market. The Company will take an opportunity to make and implement the repurchase decision within the repurchase period based on market conditions. Investors are reminded to pay attention to the investment risks.

If a relevant risk gives rise to the fact that the A Share Repurchase Plan cannot be implemented, the Company will complete the corresponding deliberation and disclosure procedures in accordance with laws, regulations and the Articles of Association, and take an opportunity to amend or terminate the A Share Repurchase Plan in due time.

## DEFINITIONS

“A Share(s)”	A Share(s) of RMB1.00 each in the capital of the Company which is/are listed and traded on SSE
“A Shareholder(s)”	holder(s) of A Share(s)
“A Share Repurchase Plan”	the proposed A share repurchase plan which has considered and approved by the Board
“Articles of Association”	the articles of association of the Company as amended from time to time
“Board”	the board of Directors
“Company”	Red Star Macalline Group Corporation Ltd., a joint stock limited company duly incorporated in the PRC with limited liability, the A Shares of which are listed on SSE and the H Shares of which are listed on Hong Kong Stock Exchange
“Company Law”	the Company Law of the PRC
“CSRC”	China Securities Regulatory Commission
“Directors”	the directors of the Company
“H Share(s)”	H Share(s) of RMB1.00 each in the capital of the Company which is/are listed and traded on Hong Kong Stock Exchange
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	A Share(s) and/or H Share(s)
“SSE”	The Shanghai Stock Exchange
“SSE Listing Rules”	Rules Governing the Listing of Stocks on the SSE
“%”	per cent.

By order of the Board  
**Red Star Macalline Group Corporation Ltd.**  
**QIU Zhe**  
*Secretary of the Board and Joint Company Secretary*

Shanghai, the PRC,  
24 April, 2022

*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, CHEN Zhaohui, JIANG Xiangyu, HU Xiao and YANG Guang; and the independent non-executive Directors are QIAN Shizheng, LEE Kwan Hung, Eddie, WANG Xiao, ZHAO Chongyi and QIN Hong.*