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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)

CANCELLATION OF PART OF THE SHARE OPTIONS

References are made to (i) the announcement dated 23 February 2020 of Red Star Macalline Group Corporation Ltd. (the “**Company**”); (ii) the circular dated 27 March 2020 of the Company (the “**Circular**”); (iii) the announcement dated 21 April 2020 of the Company; (iv) the announcement dated 14 May 2020 of the Company; and (v) the announcement dated 11 August 2021 of the Company. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

On 29 June 2022, the Board considered and approved the Resolution in Relation to the Cancellation of Part of the Share Options, pursuant to which the Company proposed to cancel a total of 12.8117 million Share Options.

REASONS FOR CANCELLATION AND NUMBER OF SHARE OPTIONS SUBJECT TO CANCELLATION

According to the provisions of Chapter IX of the A Share Option Incentive Scheme (Revision), if the performance levels for the current period of the Company does not fulfill the conditions of performance target during such Exercise Period, all Participants shall not exercise the exercisable Share Options that shall be assessed in such year, and the Company shall cancel the Share Options exercisable by the Participants for the current period. In light of the fact that the performance assessment targets at the company level in the second exercise period of the Share Options under the first grant of the Scheme have not been met, the Company shall cancel a total of 12.8117 million exercisable Share Options for all Participants (including the Shares obtained upon conversion of capital reserve into share capital for the profit distribution of the Company for 2019) that shall be assessed in such year.

IMPACT OF THE CANCELLATION ON THE COMPANY

The cancellation of the Share Options will not have any material impact on the financial position and operating results of the Company.

OPINION OF THE INDEPENDENT DIRECTORS

The independent directors of the Company are of the opinions that the cancellation is in compliance with the relevant requirements under the Administrative Measures on Share Incentives of Listed Companies (the “**Administrative Measures**”) and the relevant provisions under the A Share Option Incentive Scheme (Revision), and has been authorized by the general meeting and necessary procedures have been performed. The cancellation will not have any material impact on the financial position and operating results of the Company and will not prejudice the interests of the Company and all Shareholders, especially minority Shareholders. Therefore, we unanimously agreed with the Company on the Resolution in Relation to the Cancellation of Part of the Share Options.

OPINION OF THE SUPERVISORY COMMITTEE

The Supervisory Committee of the Company is of the opinion that the cancellation is in compliance with the relevant requirements under the Administrative Measures and the relevant provisions under the A Share Option Incentive Scheme (Revision), and legitimate decision-making process has been performed. The cancellation will not have any material impact on the financial position and operating results of the Company and will not prejudice the interests of the Company and all Shareholders, especially minority Shareholders.

LEGAL OPINION FROM THE COMPANY’S PRC LEGAL ADVISER

The PRC legal adviser of the Company, Beijing AnJie (Shanghai) Law Firm (北京安傑(上海)律師事務所), is of the opinion that, according to the authorization granted to the Board at the 2020 first extraordinary general meeting, the A shareholders’ class meeting and the H shareholders’ class meeting of the Company, as at the date of issuance of the legal opinion, necessary approvals and authorizations have been obtained for the cancellation and corresponding procedures have been performed. The reasons for cancellation and the number of Share Options subject to cancellation are in compliance with the relevant requirements under the Administrative Measures and other laws, regulations, regulatory documents and the provisions under the A Share Option Incentive Scheme (Revision). The cancellation will not have any material impact on the financial position and operating results of the Company, without any prejudice to the interests of the Company and all Shareholders.

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

Shanghai, the PRC
29 June 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.