
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about any of the contents of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in Red Star Macalline Group Corporation Ltd., you should at once hand this circular together with the proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**THE ESTIMATED PROVISIONS OF FINANCIAL
ASSISTANCE BY THE COMPANY
AND
NOTICE OF THE 2022 FOURTH EXTRAORDINARY
GENERAL MEETING**

A letter from the Board is set out on pages 3 to 18 of this circular. A notice of the EGM of the Company to be held at 10:00 a.m. on Thursday, 29 December 2022 at Conference Center, 3/F, South Building, Block B, Red Star Macalline Headquarters, Lane 1466, Shenchang Road, Minhang District, Shanghai, the PRC, is being despatched to the Shareholders together with this circular.

Shareholders who intend to appoint a proxy to attend the EGM shall complete and return the proxy form in accordance with the instructions printed thereon. The proxy form must be signed by you or your attorney duly authorised in writing or, in case of a legal person, must either be executed under its seal or under the hand of its director or other attorney duly authorised to sign the same. If the proxy form is signed by an attorney of the appointor, the power of attorney authorising that attorney to sign, or other document of authorisation, must be notarized.

In the case of joint holders of Shares of the Company, only the holder whose name stands first in the register of members of the Company shall alone be entitled to vote at the EGM, either in person or by proxy in respect of such Shares.

For H Share Shareholders, please return the proxy form together with any documents of authority to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible, and in any event not later than 24 hours before the time appointed for holding the EGM. For A Share Shareholders, please return the proxy form together with any documents of authority to the headquarters of the Company in the PRC at B1 Corporate Post Office, Block A, Red Star Macalline Headquarters, No. 5, Lane 1466, Shenchang Road, Minhang District, Shanghai, the PRC as soon as possible, and in any event not later than 24 hours before the time appointed for holding the EGM. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

23 November 2022

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms shall have the following meanings:

“A Share(s)”	the ordinary share(s) issued by the Company, with a nominal value of RMB1.0 each, listed on the Shanghai Stock Exchange and traded in RMB
“A Share Shareholder(s)”	the holder(s) of the A Share(s)
“Articles of Association”	the articles of association of the Company
“Board”	the board of directors of the Company
“Company”	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 PRC with limited liability, whose H Shares are listed on the main board of The Stock Exchange of Hong Kong Limited (stock code: 1528)
“Director(s)”	the director(s) of the Company
“EGM” or “Extraordinary General Meeting”	the 2022 Fourth extraordinary general meeting to be convened and held on Thursday, 29 December 2022
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas-listed foreign invested ordinary share(s) with a nominal value of RMB1.0 each in the share capital of the Company, which is/are listed on The Stock Exchange of Hong Kong Limited and traded in Hong Kong dollars
“H Share Shareholder(s)”	the holder(s) of H Share(s)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

DEFINITIONS

“PRC”	the People’s Republic of China, which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	the A Share Shareholder(s) and the H Share Shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percent

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. CHE Jianxing
Mr. GUO Binghe
Ms. CHE Jianfang
Mr. JIANG Xiaozhong

Non-executive Directors:

Ms. CHEN Shuhong
Mr. CHEN Zhaohui
Mr. JIANG Xiangyu
Ms. HU Xiao
Mr. YANG Guang

Independent non-executive Directors:

Mr. QIAN Shizheng
Mr. LEE Kwan Hung, Eddie
Mr. WANG Xiao
Ms. ZHAO Chongyi
Ms. QIN Hong

Registered office in the PRC:

Suite F801, 6/F
No. 518, Linyu Road
Pudong New District
Shanghai
PRC

*Principal place of business
in Hong Kong:*

31/F, Tower 2
Times Square
1 Matheson Street
Causeway Bay, Hong Kong

23 November 2022

To the Shareholders

Dear Sir or Madam,

**THE ESTIMATED PROVISIONS OF FINANCIAL
ASSISTANCE BY THE COMPANY
AND
NOTICE OF THE 2022 FOURTH EXTRAORDINARY
GENERAL MEETING**

I. INTRODUCTION

Reference was made to the announcement of the Company dated 24 October 2022 in relation to the estimated provisions of financial assistance by the Company. At the Board meeting on 21 October 2022, the Directors have approved planned provision of the new financial assistance cap of RMB539 million in total in the next 12 months by the Company and its controlling subsidiaries (branches) without affecting the normal production and operation activities of the Company.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, the notice of the EGM and the information of the resolution in relation to the resolution on the estimated provision of financial assistance by the Company for consideration at the EGM, in order to enable you to make informed decision on whether to vote for or against the resolution at the EGM.

II. THE ESTIMATED PROVISIONS OF FINANCIAL ASSISTANCE BY THE COMPANY

Reference was made to the announcement of the Company dated 24 October 2022, in relation to, among others, the estimated provisions of financial assistance by the Company.

In order to support business operations of the Company, JV and Associate Portfolio Home Furnishing Shopping Malls and Managed Shopping Malls, the Company and its controlling subsidiaries (branches) will provide financial assistance to invested Portfolio Shopping Mall project companies, JV and Associate Portfolio Home Furnishing Shopping Mall project companies, and partners of Managed Shopping Malls. The Company convened the fifty-first extraordinary meeting of the fourth session of the Board on 21 October 2022, at which the Resolution on the Estimated Provision of Financial Assistance by the Company was considered and approved, thus approving the planned provision of the new financial assistance cap of RMB539 million in total in the next 12 months by the Company and its controlling subsidiaries (branches) without affecting the normal production and operation activities of the Company.

The above-mentioned financial assistance is based on the expectations made in accordance with the provisions of the Management System for Financial Assistance Provided by Red Star Macalline Group Corporation Ltd. that took effect on 21 October, 2022. It will take effect after the consideration and approval at the general meeting of the Company and replace the Resolution Concerning the Company's Estimation on Providing Financial Assistance to Third Parties with its Own Funds by the approval of 2021 annual general meeting of the Company.

LETTER FROM THE BOARD

According to the Guidelines No. 1 for the Self-regulation of Companies Listed on the Shanghai Stock Exchange – Standardized Operation, the independent non-executive Directors and the sponsor expressed their affirmative opinions, and the matter is subject to consideration at the general meeting of the Company. The details are as follows:

I. Estimated New Financial Assistance

(I) Targets and amount of the financial assistance

Provider	Type of Assistance	Targets of Assistance	Planned Cap (RMB in hundred million)	Fund Usage Fee	Period of Assistance	
The Company and its controlling subsidiaries (branches)	Invested Portfolio Shopping Mall project companies	Ningbo Kaichuang Real Estate Co., Ltd. (寧波凱 創置業有限公司)	1.80	Interest rate not exceeding four times of the interest rate quoted in the market for the one-year loan at the time of the formation of the contract	Subject to relevant contracts signed	
		Xi'an Jiahexing Home Furnishing Co., Ltd. (西 安佳和興家居有限責任公 司)	1.30			
	JV and Associate Portfolio Home Furnishing Shopping Mall project companies	Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業 企業發展有限公司)				
		Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限 公司)				
		Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱 龍商業管理有限公司)	0.29			
		Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅 星美凱龍世博家居廣場有 限公司)				
	Partners of Managed Shopping Malls	Partners of Managed Shopping Malls	2.00			
Total			5.39			

LETTER FROM THE BOARD

1. *Provision of loans to invested Portfolio Shopping Mall project companies*

The debtors of the type of loans are partners or joint venture project companies of the proposed cooperation projects of the Portfolio Shopping Malls of the Company. In accordance with the project cooperation agreements, it is generally the responsibility of project partners to provide the land and the Company to provide the funds related to the project construction. In the early stage of construction, according to the project construction progress, by way of loans, the Company provides partners or project companies with the agreed capital investment, which is subsequently converted to investments in or equity transfer consideration for the project companies.

2. *Provision of loans to JV and Associate Portfolio Home Furnishing Shopping Mall project companies*

The debtors of the type of loans are JV and Associate Portfolio Home Furnishing Shopping Mall project companies of the Company, and the relevant loans are the amounts lent by shareholders of the project companies in proportion to their respective shareholding percentages as agreed, for the construction and operation of the project companies.

3. *Provision of loans to partners of Managed Shopping Malls*

The debtors of the type of loans are partners of Managed Shopping Mall projects of the Company. For managed projects, the rents, deposits and other payments paid by the tenants are generally collected by managed project management companies and accumulated in a short period. Some partners of Managed Shopping Mall projects may need to prepay the rent/deposit of tenants due to their capital requirements.

The targets of the financial assistance are invested Portfolio Shopping Mall project companies, JV and Associate Portfolio Home Furnishing Shopping Mall project companies, and partners of Managed Shopping Malls, all of which have no related party relationship with the Company under the Listing Rules of the Shanghai Stock Exchange. The above-mentioned shareholders of JV and Associate Portfolio Home Furnishing Shopping Mall project companies have no related party relationship with the Company under the Listing Rules of the Shanghai Stock Exchange. The targets of the financial assistance of the Company shall be subject to strict qualification review, have good standing as internally assessed by the Company, and shall not be dishonest persons subject to enforcement, and shall be solvent and of a certain scale. The financial assistance cap will be determined with reference to factors such as the scale of the cooperation project, the overall operation and capital status of the shopping malls, the credit status of the targets of the financial assistance, and the cooperative relationship with the Company.

LETTER FROM THE BOARD

(II) The validity period of the financial assistance and authorization

The validity period of the cap for the estimated new financial assistance is 12 months commencing from the consideration and approval date of the general meeting of the Company.

Upon consideration and approval of the resolution, the general meeting of the Company will grant authorization to the Board, which will authorize the management of the Company to handle specific matters according to the actual needs of financial assistance work.

II. Basic Information on the Targets of Assistance

(I) Invested Portfolio Shopping Mall project companies as targets

1. Ningbo Kaichuang Real Estate Co., Ltd.

Company name: Ningbo Kaichuang Real Estate Co., Ltd. (寧波凱創置業有限公司) (“**Ningbo Kaichuang**”)

Social credit code: 91330205MA2GWQ9C6P

Legal representative: Zhu Qilong (朱啟龍)

Date of establishment: 6 January 2020

Registered capital: RMB350 million

Registered address: Room 425, No. 159 Hongdu Road, Jiangbei District, Ningbo City, Zhejiang Province

Scope of business: General items: Marketing planning; property management; information consulting services (excluding information consulting services subject to licensing); lease of houses; lease of non-residential real estate; and interior decoration; (in each case, excluding investment consulting) (except for items subject to approval in accordance with laws, business activities shall be carried out independently, based on the business license in accordance with laws). Items subject to licensing: Real estate development and operation (for items subject to approval in accordance with laws, business activities can be carried out only after approval by relevant authorities. The specific operation projects shall be subject to approval).

LETTER FROM THE BOARD

Shareholders of Ningbo Kaichuang: Ningbo Kaichuang is a wholly-owned subsidiary of Shanghai Kaishen Enterprise Management Co., Ltd. (上海凱坤企業管理有限公司). The shareholders of Shanghai Kaishen Enterprise Management Co., Ltd. (上海凱坤企業管理有限公司) are as follows:

S/N	Name of Shareholder	Shareholding Percentage
1	Shanghai KaiHong Industrial Group Co., Ltd. (上海凱鴻實業集團有限公司)	49.5%
2	Ningbo Yonghong Enterprise Management Consulting Co., Ltd. (寧波甬虹企業管理諮詢有限公司)	40.5%
3	Shanghai Red Star Macalline Industrial Company Limited	10%

Note: Shanghai Red Star Macalline Industrial Company Limited is a wholly-owned subsidiary of the Company.

Ningbo Kaichuang is not a dishonest person subject to enforcement, and is not involved in major lawsuits, arbitration, or judicial measures including attachment and freezing that may affect its solvency. It has no related party relationship as defined in the Listing Rules of the Shanghai Stock Exchange with the Company, its controlling shareholders, de facto controllers, controlling subsidiaries, and Directors, Supervisors and the management of the Company.

As at 31 December 2021, Ningbo Kaichuang had total assets of RMB4,269,019.3 thousand, total liabilities of RMB4,297,258.7 thousand, net assets of RMB-28,239.5 thousand and the asset-liability ratio of 100.66%. In 2021, it recorded a revenue of RMB0 and net profit of RMB-11,420.9 thousand.

As at 30 June 2022, Ningbo Kaichuang had total assets of RMB3,889,757.3 thousand, total liabilities of RMB3,919,344.5 thousand, net assets of RMB-29,587.2 thousand and the asset-liability ratio of 100.76%. From January to June 2022, it recorded a revenue of RMB0 and net profit of RMB-5,564.9 thousand. As at the date of provision of the financial assistance, the balance of the financial assistance provided by the Company to the company was RMB96,567.7 thousand, and there was no financial assistance due which was not repaid on time.

LETTER FROM THE BOARD

2 *Xi'an Jiahexing Home Furnishing Co., Ltd.*

Company name: Xi'an Jiahexing Home Furnishing Co., Ltd. (西安佳和興家居有限責任公司) (“**Xi'an Jiahexing**”)

Social credit code: 91610113MA6TYXX85H

Legal representative: Gao Wei (高偉)

Date of establishment: 20 October 2016

Registered capital: RMB100 million

Registered address: Room 206, 2F, Sales Department, Shaanxi Jiaxin Weiye Real Estate Development Co., Ltd. (陝西佳鑫偉業房地產開發有限公司), No. 56 Xifeng Road, Gaojiabao Village, Yanta District, Xi'an City, Shaanxi Province

Scope of business: Sale of furniture, building decoration materials, hardware and electric supplies and general merchandise; development and operation of furniture market and building materials market; real estate development and sale; property management; lease of houses (for own houses only). (For items subject to approval in accordance with laws, business activities can be carried out only after approval by relevant authorities).

Shareholders of Xi'an Jiahexing: Xi'an Jiahexing is a wholly-owned subsidiary of Xi'an Red Star Jiaxin Home Furnishing Co., Ltd. (西安紅星佳鑫家居有限公司). The shareholders of Xi'an Red Star Jiaxin Home Furnishing Co., Ltd. (西安紅星佳鑫家居有限公司) are as follows:

S/N	Name of Shareholder	Shareholding Percentage
1	Shaanxi Jiaxin Weiye Industrial Development Co., Ltd. (陝西佳鑫偉業實業發展有限責任公司)	81%
2	Red Star Macalline Group Corporation Ltd.	19%

Xi'an Jiahexing is not a dishonest person subject to enforcement, and is not involved in major lawsuits, arbitration, or judicial measures including attachment and freezing that may affect its solvency. It has no related party relationship as defined in the Listing Rules of the Shanghai Stock Exchange with the Company, its controlling shareholders, de facto controllers, controlling subsidiaries, and Directors, Supervisors and the management of the Company.

As at 31 December 2021, Xi'an Jiahexing had total assets of RMB976,680.0 thousand, total liabilities of RMB885,019.1 thousand, net assets of RMB91,660.9 thousand and the asset-liability ratio of 90.62%. In 2021, it recorded a revenue of RMB22,200.9 thousand and net profit of RMB-7,586.2 thousand.

LETTER FROM THE BOARD

As at 30 June 2022, Xi'an Jiahexing had total assets of RMB1,005,073.1 thousand, total liabilities of RMB915,978.8 thousand, net assets of RMB89,094.3 thousand and the asset-liability ratio of 91.14%. From January to June 2022, it recorded a revenue of RMB20,280.3 thousand and net profit of RMB-2,566.7 thousand. As at the date of provision of the financial assistance, the balance of the financial assistance provided by the Company to the company was RMB429,264.9 thousand, and there was no financial assistance due which was not repaid on time.

(II) JV and Associate Portfolio Home Furnishing Shopping Mall project companies as targets

1. Shanghai Mingyi Enterprise Development Co., Ltd.

Company name: Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司) (“**Shanghai Mingyi**”)

Social credit code: 91310107684090886H

Legal representative: Zhang Houchao (張厚超)

Date of establishment: 17 February 2009

Registered capital: RMB10 million

Registered address: Room 407, No. 1208 Zhenbei Road, Putuo District, Shanghai

Scope of business: Enterprise management services, property management, investment management and consulting (other than equity investment and equity investment management) (except brokerage), business information (other than brokerage); wholesale: furniture, building materials, decoration materials, hardware and electric supplies, chemical products (except for hazardous chemicals, controlled chemicals, fireworks and firecrackers, civil explosives, precursor chemicals), metal materials, mechanical equipment, general merchandise, ceramics, knitwear and textile, arts and crafts (except for cultural relics), home accessories, fabrics, office equipment, computer accessories and software (except for special products for the security of computer information systems). (For items subject to approval in accordance with laws, business activities can be carried out only after approval by relevant authorities).

Shareholders of Shanghai Mingyi:

S/N	Name of Shareholder	Shareholding Percentage
1	Red Star Macalline Group Corporation Ltd.	50%
2	Anji Minghan Business Management Co., Ltd. (安吉明瀚商業管理有限公司)	40%
3	Anji Wuxing Investment Co., Ltd. (安吉五星投資有限公司)	10%

LETTER FROM THE BOARD

Shanghai Mingyi is not a dishonest person subject to enforcement, and is not involved in major lawsuits, arbitration, or judicial measures including attachment and freezing that may affect its solvency. It has no related party relationship as defined in the Listing Rules of the Shanghai Stock Exchange with the Company, its controlling shareholders, de facto controllers, controlling subsidiaries, and Directors, Supervisors and the management of the Company.

As at 31 December 2021, Shanghai Mingyi had total assets of RMB333,140.3 thousand, total liabilities of RMB319,537.4 thousand, net assets of RMB13,602.9 thousand and the asset-liability ratio of 95.92%. In 2021, it recorded a revenue of RMB0 and net profit of RMB329.8 thousand.

As at 30 June 2022, Shanghai Mingyi had total assets of RMB353,029.6 thousand, total liabilities of RMB339,698.7 thousand, net assets of RMB13,330.9 thousand and the asset-liability ratio of 96.22%. From January to June 2022, it recorded a revenue of RMB0 and net profit of RMB-242.8 thousand. As at the date of provision of the financial assistance, the balance of the financial assistance provided by the Company to the company was RMB178,760.0 thousand, and there was no financial assistance due which was not repaid on time.

2. *Wuhu Minghui Business Management Co., Ltd.*

Company name: Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司) (“**Wuhu Minghui**”)

Social credit code: 91340207686862392K

Legal representative: Qi Zhiping (戚志平)

Date of establishment: 19 March 2009

Registered capital: RMB20 million

Registered address: No. 58 Tianmenshan East Road, Jiujiang District, Wuhu City (Building Materials Pavilion)

Scope of business: Business management; sale, import and export of furniture, building materials, metal materials, mechanical products, hardware, electric supplies, chemical products (excluding hazardous articles), general merchandise, knitwear and textile, computer and computer software, office supplies and handicrafts (except for goods and technologies subject to operation restrictions or import or export prohibition by China), lease of own premises, lease of counters and booths, and property management (subject to a certificate of qualification).

LETTER FROM THE BOARD

Shareholders of Wuhu Minghui:

S/N	Name of Shareholder	Shareholding Percentage
1	Shanghai Mingyi Enterprise Development Co., Ltd.	80%
2	Shanghai Red Star Macalline Industrial Company Limited	8%
3	ZheJiang HuaKang Furniture Co., Ltd. (浙江華康家具有限公司)	7%
4	Anji Zhongsheng Investment Co., Ltd. (安吉縣中聖投資有限公司)	5%

Note: Shanghai Mingyi Enterprise Development Co., Ltd. is a joint venture company which the Company holds 50% of the shares. And Shanghai Red Star Macalline Industrial Company Limited is a wholly-owned subsidiary of the Company.

Wuhu Minghui is not a dishonest person subject to enforcement, and is not involved in major lawsuits, arbitration, or judicial measures including attachment and freezing that may affect its solvency. It has no related party relationship as defined in the Listing Rules of the Shanghai Stock Exchange with the Company, its controlling shareholders, de facto controllers, controlling subsidiaries, and Directors, Supervisors and the management of the Company.

As at 31 December 2021, Wuhu Minghui had total assets of RMB378,225.1 thousand, total liabilities of RMB529,132.5 thousand, net assets of RMB-150,907.4 thousand and the asset-liability ratio of 139.90%. In 2021, it recorded a revenue of RMB89,566.7 thousand and net profit of RMB13,111.3 thousand.

As at 30 June 2022, Wuhu Minghui had total assets of RMB369,850.0 thousand, total liabilities of RMB506,599.4 thousand, net assets of RMB-136,749.4 thousand and the asset-liability ratio of 136.97%. From January to June 2022, it recorded a revenue of RMB49,101.0 thousand and net profit of RMB14,157.9 thousand. As at the date of provision of the financial assistance, the balance of the financial assistance provided by the Company to the company was RMB27,840.0 thousand, and there was no financial assistance due which was not repaid on time.

LETTER FROM THE BOARD

3. *Shenzhen Red Star Macalline Business Management Company Limited*

Company name: Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司) (“**Shenzhen Red Star Macalline**”)

Social credit code: 91440300MA5F88WH88

Legal representative: Xue Xingbin (薛興斌)

Date of establishment: 25 July 2018

Registered capital: RMB10 million

Registered address: Room 701, Block D, Haijingjie Jiayuan (Phase II), Zhaoshang East Road, Dongjiaotou Community, Shekou Street, Nanshan District, Shenzhen

Scope of business: General business items: Purchase and sale of furniture, building materials, household supplies and general merchandise; industrial activities (specific items shall be applied for separately); business management consulting; property management; advertising business (advertising business can be carried out only after approval and registration if so required by laws and administrative regulations); business information consulting (excluding restricted items) and management services for the home furnishing market (subject to a fire safety inspection certificate). (Except for the items prohibited by laws, administrative regulations and decisions of the State Council, the restricted items can be carried out only after approval). Item subject to licensing: car park management.

Shareholders of Shenzhen Red Star Macalline:

S/N	Name of Shareholder	Shareholding Percentage
1	Red Star Macalline Group Corporation Ltd.	60%
2	Shenzhen Xinwei Business Management Co., Ltd. (深圳市信為商業管理有限公司)	40%

Shenzhen Red Star Macalline is not a dishonest person subject to enforcement, and is not involved in major lawsuits, arbitration, or judicial measures including attachment and freezing that may affect its solvency. It has no related party relationship as defined in the Listing Rules of the Shanghai Stock Exchange with the Company, its controlling shareholders, de facto controllers, controlling subsidiaries, and Directors, Supervisors and the management of the Company.

LETTER FROM THE BOARD

As at 31 December 2021, Shenzhen Red Star Macalline had total assets of RMB558,296.9 thousand, total liabilities of RMB568,756.4 thousand, net assets of RMB-10,459.4 thousand and the asset-liability ratio of 101.87%. In 2021, it recorded a revenue of RMB825.5 thousand and net profit of RMB-15,645.5 thousand.

As at 30 June 2022, Shenzhen Red Star Macalline had total assets of RMB593,292.7 thousand, total liabilities of RMB632,626.2 thousand, net assets of RMB-39,333.5 thousand and the asset-liability ratio of 106.63%. From January to June 2022, it recorded a revenue of RMB11,635.1 thousand and net profit of RMB-28,874.1 thousand. As at the date of provision of the financial assistance, the balance of the financial assistance provided by the Company to the company was RMB26,400.0 thousand, and there was no financial assistance due which was not repaid on time.

4. *Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd.*

Company name: Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司) (“**Guangzhou Red Star Macalline**”)

Social credit code: 91440101MA5D1GJ914

Legal representative: Fu Shihe (符世賀)

Date of establishment: 12 November 2019

Registered capital: RMB30 million

Registered address: Room 201, No.180 Pazhou Avenue, Haizhu District, Guangzhou City

Scope of business: Lease of premises (excluding warehousing); market management, and booth rental; property management; wholesale of furniture; retail of furniture; wholesale of building materials and decoration materials; retail of metal decoration materials; wholesale of hardware products; retail of hardware; comprehensive retail of daily groceries; wholesale of textiles, knitwear and raw materials; retail of textiles and knitwear; wholesale of computers, software and office equipment. (For items subject to approval in accordance with laws, business activities can be carried out only after approval by relevant authorities).

Shareholders of Guangzhou Red Star Macalline:

S/N	Name of Shareholder	Shareholding Percentage
1	Guangzhou Red Star Macalline Market Management Company Limited (廣州紅星美凱龍市場經營管理有限公司)	50%
2	Oppein Home Group Inc. (歐派家居集團股份有限公司)	50%

Note: Guangzhou Red Star Macalline Market Management Company Limited is a wholly-owned subsidiary of the Company.

LETTER FROM THE BOARD

Guangzhou Red Star Macalline is not a dishonest person subject to enforcement, and is not involved in major lawsuits, arbitration, or judicial measures including attachment and freezing that may affect its solvency. It has no related party relationship as defined in the Listing Rules of the Shanghai Stock Exchange with the Company, its controlling shareholders, de facto controllers, controlling subsidiaries, and Directors, Supervisors and the management of the Company.

As at 31 December 2021, Guangzhou Red Star Macalline had total assets of RMB78,997.8 thousand, total liabilities of RMB61,340.3 thousand, net assets of RMB17,657.5 thousand and the asset-liability ratio of 77.65%. In 2021, it recorded a revenue of RMB2,527.6 thousand and net profit of RMB-4,517.1 thousand.

As at 30 June 2022, Guangzhou Red Star Macalline had total assets of RMB344,382.7 thousand, total liabilities of RMB332,099.0 thousand, net assets of RMB12,283.7 thousand and the asset-liability ratio of 96.43%. From January to June 2022, it recorded a revenue of RMB24,222.3 thousand and net profit of RMB-5,373.8 thousand. As at the date of provision of the financial assistance, the balance of the financial assistance provided by the Company to the company was RMB5,000.0 thousand, and there was no financial assistance due which was not repaid on time.

(III) Partners of Managed Shopping Malls as targets

There are a large number of partners of Managed Shopping Malls of the Company, and it is not possible to predict the specific targets and amounts. The Company expects to provide a total financial assistance of RMB200 million. As at the date of provision of the financial assistance, the balance of the financial assistance provided by the Company to all partners of Managed Shopping Malls was RMB242 million, and the Company will not provide additional financial assistance for partners of Managed Shopping Malls who fail to repay the financial assistance due on time.

III. Risk and Control Measures

The repayment ability of the targets of this financial assistance will mainly depend on the construction progress of the project shopping mall, and the operating income of the project shopping mall, etc. The company will pay close attention to the construction and operation of the project shopping mall and evaluate the risk changes.

Meanwhile, the Company has formulated the Management System for Provision of Financial Assistance, improved the internal control of provision of financial assistance, and defined the approval authority, approval procedures, responsible departments and their duties, and other matters of provision of financial assistance.

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The Company will make a prudent judgment on the performance ability of the targets of assistance on the basis of comprehensive analysis of the asset quality, operation, industry prospect, solvency and credit status of the targets of assistance.

In terms of fund safety, the Company will take effective measures to ensure the safety of the funds. Risk prevention measures include, but are not limited to provision of guarantee by legal representatives of the targets or other third parties for the financial assistance.

If the financial assistance is not recovered on time, the Company shall not provide additional financial assistance to the corresponding targets.

For the overdue amount, the Company will take the following measures:

1. In accordance with relevant loan agreements, the Company will assign special personnel to follow up the matters in a timely manner, strengthen the supervision of the targets and make greater efforts to urge them to repay the loans, take legitimate collection measures as the case may be, and complete the collection plan to the maximum extent so as to safeguard the Company's interests.
2. If necessary, the Company will solve the issue through judicial means if the Company fails to recover the loans on time after repeated reminders.

IV. Impact on the Company

The above financial assistance is mainly targeted at invested Portfolio Shopping Mall project companies, JV and Associate Portfolio Home Furnishing Shopping Mall project companies, and partners of Managed Shopping Malls, and will meet the capital requirements of the Company and/or corresponding shopping mall projects, deepen the business cooperation relationship between the Company and relevant parties, and is conducive to business operation and expansion of the Company, and in line with the Company's main business and strategic development direction. The relevant financial assistance will be implemented subject to meeting the Company's demand for daily floating capital, and without affecting the normal daily capital turnover of the Company or harming the interests of the Company or shareholders, especially minority shareholders.

Considering that the asset-liability ratio of the estimated targets of the financial assistance in the latest financial statements exceeds 70%, the estimated financial assistance is required to be submitted to the general meeting of the Company for consideration.

Each of the transaction as disclosed in this circular is disclosed and submitted to general meeting of the Company for consideration due to relevant A share rules only. Each of the transaction as disclosed in this circular does not constitute an advance to entity, discloseable transaction or connected transaction which is subject to announcement or Shareholders'

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approval under requirement Chapter 13, Chapter 14 and Chapter 14A of the Listing Rules. Each of the counterparties to the transactions as disclosed in this Circular is not a connected person of the Company under Listing Rules.

The aforesaid resolution was considered and approved by the Board on 21 October 2022 and is hereby proposed at the EGM for consideration and approval as ordinary resolution.

III. THE 2022 FOURTH EXTRAORDINARY GENERAL MEETING

The notice of the EGM to be held at 10:00 a.m. on Thursday, 29 December 2022 at Conference Center, 3/F, South Building, Block B, Red Star Macalline Headquarters, Lane 1466, Shenchang Road, Minhang District, Shanghai, the PRC, is set out on pages 19 to 20 of this circular.

The proxy form for the EGM is also enclosed herein and published on the website of the Stock Exchange (www.hkexnews.com.hk). The Shareholders who intend to appoint (a) proxy/proxies to attend the EGM shall complete, sign and return the proxy form in accordance with the instructions printed thereon.

For H Share Shareholders, the proxy form, and if the proxy form is signed by a person under a power of attorney or other authority on behalf of the appointor, a notarially certified copy of that power of attorney or other authority, must be delivered to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time for holding the EGM in order for such documents to be valid. For A Share Shareholders, the proxy form, and if the proxy form is signed by a person under a power of attorney or other authority on behalf of the appointor, a notarially certified copy of that power of attorney or other authority, must be delivered to the headquarters of the Company in the PRC at B1 Corporate Post Office, Block A, Red Star Macalline Headquarters, No. 5, Lane 1466, Shenchang Road, Minhang District, Shanghai, the PRC, not less than 24 hours before the time for holding the EGM in order for such documents to be valid.

Pursuant to the Articles of Association, for the purpose of holding the EGM, the register of members of H Shares will be closed from Thursday, 22 December 2022 to Thursday, 29 December 2022 (both days inclusive), during this period no transfer of H Shares will be registered. H Share Shareholders whose names appear on the register of members of the Company on Thursday, 22 December 2022 are entitled to attend and vote at the EGM.

In order to ascertain the entitlements to attend and vote at the EGM, H Share Shareholders shall lodge all transfer documents together with the relevant share certificates to Computershare Hong Kong Investor Services Limited, the Company's H Share Registrar, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 21 December 2022 for registration.

LETTER FROM THE BOARD

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the resolution proposed at the EGM will be voted by poll.

IV. RECOMMENDATION

The Directors consider that the resolution as set out in the notice of the EGM for the Shareholders to consider and approve is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favor of the resolution to be proposed at the EGM.

By order of the Board

Red Star Macalline Group Corporation Ltd.

QIU Zhe

Secretary of the Board and Joint Company Secretary

NOTICE OF THE 2022 FOURTH EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF THE 2022 FOURTH EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2022 fourth extraordinary general meeting (the “EGM”) of Red Star Macalline Group Corporation Ltd. (the “Company”) will be held at 10:00 a.m. on Thursday, 29 December 2022 at Conference Center, 3/F, South Building, Block B, Red Star Macalline Headquarters, Lane 1466, Shenchang Road, Minhang District, Shanghai, the PRC for the purpose of considering, and if thought fit, passing the following resolution:

ORDINARY RESOLUTION

1. To consider and approve the resolution on the estimated provision of financial assistance by the Company

By order of the Board

Red Star Macalline Group Corporation Ltd.

QIU Zhe

Secretary of the Board and Joint Company Secretary

Shanghai, the PRC
23 November 2022

NOTICE OF THE 2022 FOURTH EXTRAORDINARY GENERAL MEETING

Notes:

1. Unless the context otherwise stated, capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 23 November 2022.
2. For the purpose of holding the EGM, the register of members of the Company will be closed from Thursday, 22 December 2022 to Thursday, 29 December 2022 (both days inclusive), during which period no transfer of shares can be registered. In order for H Share Shareholders to be qualified to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 21 December 2022 for registration.

The Shareholders whose names appear on the register of members of the Company on Thursday, 22 December 2022 are entitled to attend and vote at the EGM.
3. The Shareholders who are entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote on their behalves. A proxy need not to be a Shareholder of the Company.
4. The instrument appointing a proxy must be in writing under the hand of a Shareholder or his attorney duly authorized in writing. If the Shareholder is a legal person, that instrument must be executed either under its seal or under the hand of its director or other attorney duly authorized to sign the same on its behalf.
5. In order to be valid, the proxy form must be deposited, for H Share Shareholders of the Company, to the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time for holding the EGM. If the proxy form is signed by a person under the power of attorney or other authority, a notarized copy of that power of attorney or other authority shall be deposited at the same time as mentioned in the proxy form. Completion and return of the proxy form will not preclude Shareholders of the Company from attending the voting in person at the EGM or any adjourned meetings should they so wish.
6. Shareholders shall produce their identification documents and supporting documents in respect of the shares of the Company held when attending the EGM. If corporate Shareholders appoint authorized representative to attend the EGM, the authorized representative shall produce his/her identification documents and a notarized copy of the relevant authorization instrument signed by the board of directors or other authorized parties of the corporate Shareholders or other notarized documents allowed by the Company. Proxies shall produce their identification documents and the proxy form signed by the Shareholders or their attorney when attending the EGM.
7. The EGM is expected to take for less than half a day. Shareholders attending the EGM shall be responsible for their own travel and accommodation expenses.
8. All voting at the EGM will be conducted by poll.