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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)**

### **ANNOUNCEMENT ON EXTENSION OF THE TERM OF THE THIRD PHASE OF THE EMPLOYEE STOCK OWNERSHIP PLAN OF THE COMPANY**

The term of the third phase of the employee stock ownership plan (the “**ESOP**”) of Red Star Macalline Group Corporation Ltd. (the “**Company**”) will expire on May 12, 2023. After consideration and approval by the second ESOP holders’ meeting and the sixty-third extraordinary meeting of the fourth session of the board (the “**Board**”) of directors (the “**Director(s)**”) of the Company, the term of the ESOP was extended to 28 January 2024, and relevant information is announced as follows:

#### **I. Basic information on the ESOP**

The twenty-first extraordinary meeting of the fourth session of the Board and the first extraordinary general meeting of 2021 held by the Company on 6 February 2021 and 19 March 2021 respectively considered and approved relevant resolutions including the Resolution on the Third Phase of the Employee Stock Ownership Plan (Draft) of Red Star Macalline Group Corporation Ltd. and Its Summary, and the Company disclosed the Announcement of Red Star Macalline Group Corporation Ltd. on Completion of Purchase under the Third Phase of the Employee Stock Ownership Plan on 13 May 2021. For details, please see relevant announcements disclosed by the Company on the news website of The Stock Exchange of Hong Kong Limited (the “**HKEx**”) (<https://www.hkexnews.hk/>) and designated media for information disclosure on 7 February 2021, 19 March 2021 and 13 May 2021.

As at 12 May 2021, a total of 15,780,000 shares of the Company accounting for approximately 0.40% of the total share capital of the Company for the time being were purchased under the ESOP through the “Shaanxi International Investment – Macalline Phase III Employee Shareholding Single Fund Trust Plan” (the “**Trust Plan**”) at an average transaction price of approximately RMB9.50 per share, totaling approximately RMB149.943 million, and the remaining amount was set aside as a reserve. The lock-up period for shares purchased under the ESOP was from 13 May 2021 to 12 May 2022. For details, please see the Announcement of Red Star Macalline Group Corporation Ltd. on Completion of Purchase under the Third Phase of the Employee Stock Ownership Plan disclosed by the Company on the HKExnews website (<https://www.hkexnews.hk/>) and designated media for information disclosure on 13 May 2021. In October 2021, the Company issued A Shares (RMB ordinary shares) to specific participants, and the total share capital of the Company was changed to 4,354,732,673 shares. As at the date of disclosure of this announcement, there are 15,780,000 shares of the Company held under the ESOP, representing 0.36% of the current total share capital of the Company.

The term of the ESOP is 24 months commencing on the date on which the ESOP draft was considered and approved by the general meeting of the Company and the Company announced the transfer of the last underlying shares to the Trust Plan (May 13, 2021).

## **II. Procedures for Extension of the Term of the ESOP**

The second ESOP holders' meeting was held as an in-person meeting with voting by correspondence on 13 March 2023. The number of holders expected to attend the meeting was 638, holding a total of 150 million units of the ESOP; there were 595 holders present at the meeting, representing 143.397 million units of the ESOP. The details on the voting at the meeting are as follows:

1. The Resolution on the Extension of the Term of the Third Phase of the Employee Stock Ownership Plan of Red Star Macalline Group Corporation Ltd. was approved by voting

Voting results: 118.607 million voted in favor, 24.144 million voted against, and 0.646 million abstained from voting.

2. The Resolution on Authorization for the Management Committee to Determine the Extension of the Term and Disposal of Equities under Specific Circumstances was approved by voting

Voting results: 121.903 million voted in favor, 19.754 million voted against, and 1.74 million abstained from voting.

The above resolutions were approved by more than two-thirds of the units held by the holders present at the meeting.

On 17 March 2023, the above matters were considered and approved at the sixty-third extraordinary meeting of the fourth session of the Board, at which the related Directors withdrew from voting on relevant resolutions, and the independent Directors issued independent opinions on the above matters.

## **III. Arrangements for Extension of the Term of the ESOP**

With the approval by more than two-thirds of the units held by the holders present at the second ESOP holders' meeting and the consideration and approval by the sixty-third extraordinary meeting of the fourth session of the Board of Directors of the Company, the term of the ESOP was extended to 28 January 2024 and the term of authorization for the ESOP Management Committee was extended accordingly; the Management Committee was authorized to determine, at its discretion, matters in relation to the temporary extension of the term of the ESOP and the disposal of equities, if not all the shares held under the ESOP can be sold before the expiry of the term due to objective reasons or special circumstances, provided that the Management Committee shall continue to promote the sale and disposal of shares held under the ESOP as soon as the above impact disappears.

#### **IV. Other Matters**

As at the date of disclosure of this announcement, no shares of the Company held under the ESOP are disposed of. The ESOP may be terminated prematurely if all of the shares held under the ESOP are transferred and all of the monetary assets (if any) under the ESOP are liquidated and allocated during the term.

#### **V. Opinions of Independent Directors**

The extension of the term of the ESOP was approved by the ESOP holders' meeting, and considered and approved by the Board. The consideration procedure complied with the Guiding Opinions on Pilot Work for Implementation of Employee Stock Ownership Plans by Listed Companies, the Guidelines No. 1 for the Self-regulation of Companies Listed on the Shanghai Stock Exchange – Standardized Operation and the Management Measures for the Third Phase of the Employee Stock Ownership Plan of Red Star Macalline Group Corporation Ltd. The decision-making procedures were legal and compliant. There was no damage to the interests of the Company and all shareholders.

In conclusion, we unanimously approve the extension of the term of the ESOP to 28 January 2024 and authorize the Management Committee to determine, at its discretion, matters in relation to the temporary extension of the term of the ESOP and the disposal of equities, if not all the shares held under the ESOP can be sold before the expiry of the term due to objective reasons or special circumstances.

**This announcement is made by the Company on a voluntary basis.**

**This announcement is published in Chinese and English respectively. In case of any inconsistency between the Chinese version and the English version, the Chinese version shall prevail.**

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

Shanghai, the PRC  
19 March 2023

*As at the date of this announcement, the executive Directors of the Company are CHE Jianxing and LI Jianhong; the non-executive Directors are CHEN Zhaohui, JIANG Xiangyu, HU Xiao, ZHENG Yongda, WANG Wenhui and ZOU Shaorong; and the independent non-executive Directors are QIAN Shizheng, LEE Kwan Hung, Eddie, WANG Xiao, ZHAO Chongyi and QIN Hong.*