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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)

### PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The board of directors (the “**Board**”) of Red Star Macalline Group Corporation Ltd. (the “**Company**”) announces that combined with the actual situation of the Company, in order to further improve the corporate governance system of the Company, following amendments to the articles of association of the Company (the “**Articles of Association**”) have been proposed to made:

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 1</b> The Articles of Association are formulated pursuant to Company Law of the People's Republic of China (“Company Law”), Securities Law of the People's Republic of China (“Securities Law”), Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Stocks by Limited Stock Companies (“Special Provisions”), Mandatory Provisions for the Articles of Association of Companies to Be Listed Overseas (“Mandatory Provisions”), Letter of Opinions on Supplementary Amendment to Articles of Association of Companies to Be Listed in Hong Kong (“Letter of Opinions”), Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Listing Rules” or Listing Rules) and other relevant regulations.</p>	<p><b>Article 1</b> The Articles of Association are formulated pursuant to Company Law of the People's Republic of China (“Company Law”), Securities Law of the People's Republic of China (“Securities Law”), <b>the Constitution of the Communist Party of China (“Party Constitution”)</b>, Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Stocks by Limited Stock Companies (“Special Provisions”), Mandatory Provisions for the Articles of Association of Companies to Be Listed Overseas (“Mandatory Provisions”), Letter of Opinions on Supplementary Amendment to Articles of Association of Companies to Be Listed in Hong Kong (“Letter of Opinions”), Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Listing Rules” or Listing Rules) and other relevant regulations.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Additional Article 3</b></p>	<p><b>Article 3</b> Pursuant to the regulations of the Party Constitution, the Company shall set up the organization of the Communist Party of China (CPC) and carries out the activities of the CPC. The Party organization shall play the role of the leadership core and political core, providing direction, managing the overall situation and ensuring implementation. The Company shall provide necessary conditions for the activities of the Party organization. The Company shall set up the Party working organ equipped with sufficient staff to deal with Party affairs and provided with sufficient funds to operate the Party organization.</p>
<p><b>Additional Article 4</b></p>	<p><b>Article 4</b> The Company shall set up labor union, Communist Youth League and other mass organizations in accordance with relevant regulations and requirements, and provide the necessary conditions for the activities of the mass organizations.</p>
<p><b>Article 28</b> The Company may buy back its shares in any of the following ways upon approval by the regulatory authority of the state:</p> <p>(I) Issuing a buyback offer to all shareholders according to an equal percentage;</p> <p>(II) Buying back through open transaction in the stock exchange;</p> <p>(III) Buying back through agreement outside the stock exchange; or</p> <p>(IV) Other circumstances stipulated by laws and administrative regulations.</p> <p>When the Company buys back its shares, it shall perform the obligation of information disclosure in accordance with the requirements of Securities Law. Buyback of the Company's shares under the circumstances as provided in (III), (V) and (VI) of Article 27 of the Articles of Association shall be conducted through open centralized trading.</p>	<p><b>Article 30</b> The Company may buy back its shares in any of the following ways upon approval by the regulatory authority of the state:</p> <p>(I) Issuing a buyback offer to all shareholders according to an equal percentage;</p> <p>(II) Buying back through open transaction in the stock exchange;</p> <p>(III) Buying back through agreement outside the stock exchange; or</p> <p>(IV) Other circumstances stipulated by laws and administrative regulations.</p> <p>When the Company buys back its shares, it shall perform the obligation of information disclosure in accordance with the requirements of Securities Law. Buyback of the Company's shares under the circumstances as provided in (III), (V) and (VI) of Article 297 of the Articles of Association shall be conducted through open centralized trading.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 30</b> After buying back its shares according to the laws, the Company shall cancel or transfer the said shares within the time limit prescribed by laws and administrative regulations, and register the change of the registered capital with the original company registration authority if the shares are cancelled.</p> <p>Buyback of the Company’s shares for reasons set out in (I), (II) or (IV) of Article 27 of the Articles of Association shall be subject to resolution at a general meeting; buyback of the Company’s shares in circumstances as provided in (III), (V) and (VI) of Article 27 of the Articles of Association shall be resolved at the board meeting attended by more than two thirds of directors.</p> <p>After the Company has bought back its shares in accordance with Article 27 of the Articles of Association, such shares shall be cancelled within 10 days after buyback in the circumstance set out in (I), or shall be transferred or cancelled within six months under circumstances set out in (II) and (IV); total shares held by the Company shall not exceed 10% of the total issued shares of the Company under the circumstances set out in (III), (V) and (VI), and such shares shall be transferred or cancelled within 3 years.</p> <p>The Company shall register the change of registered capital or equity with the industrial and commercial administration authority and make announcement according to the Listing Rules.</p> <p>The aggregate par value of the cancelled shares shall be deducted from the Company’s registered capital.</p>	<p><b>Article 32</b> After buying back its shares according to the laws, the Company shall cancel or transfer the said shares within the time limit prescribed by laws and administrative regulations, and register the change of the registered capital with the original company registration authority if the shares are cancelled.</p> <p>Buyback of the Company’s shares for reasons set out in (I), (II) or (IV) of Article <del>27</del> of the Articles of Association shall be subject to resolution at a general meeting; buyback of the Company’s shares in circumstances as provided in (III), (V) and (VI) of Article <del>27</del> of the Articles of Association shall be resolved at the board meeting attended by more than two thirds of directors.</p> <p>After the Company has bought back its shares in accordance with Article <del>27</del> of the Articles of Association, such shares shall be cancelled within 10 days after buyback in the circumstance set out in (I), or shall be transferred or cancelled within six months under circumstances set out in (II) and (IV); total shares held by the Company shall not exceed 10% of the total issued shares of the Company under the circumstances set out in (III), (V) and (VI), and such shares shall be transferred or cancelled within 3 years.</p> <p>The Company shall register the change of registered capital or equity with the industrial and commercial administration authority and make announcement according to the Listing Rules.</p> <p>The aggregate par value of the cancelled shares shall be deducted from the Company’s registered capital.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 35</b> If the directors, supervisors, senior executives of the Company or any shareholders who holds more than 5% of the domestic shares of the Company, sell his/her shares in the Company or other securities with an equity nature within six months of his/her purchase, or purchase the shares or other securities with an equity nature again within six months after the sale, the profits thus made shall accrue to the Company and the Board shall collect all such profits. However, if a securities company purchases all the unsold underwritten shares and therefore holds more than 5% of the shares, it and other circumstances stipulated by the securities regulatory authority under the State Council are excluded.</p> <p>The shares or other securities with an equity nature held by directors, supervisors, senior executives and individual shareholders referred to in the preceding paragraph include the shares or other securities with an equity nature held by their spouses, parents, and children, and any of the above which is indirectly held in others' accounts.</p> <p>If the Board fails to comply with the provision set out in paragraph (1) of this Article, the shareholders have the right to request the Board to do so within 30 days. The shareholders have the right to initiate litigation in the court directly in their own name for the interests of the Company if the Board fails to comply with the provision within the period specified hereinabove.</p> <p>If the Board refuses to comply with paragraph (1) of this Article, the directors at fault shall be collectively responsible under the relevant laws.</p>	<p><b>Article 37</b> If the directors, supervisors, senior executives of the Company or any shareholders who holds more than <b>5% of the shares</b> of the Company, sell his/her shares in the Company or other securities with an equity nature within six months of his/her purchase, or purchase the shares or other securities with an equity nature again within six months after the sale, the profits thus made shall accrue to the Company and the Board shall collect all such profits. However, if a securities company purchases all the unsold underwritten shares and therefore holds more than 5% of the shares, it and other circumstances stipulated by the securities regulatory authority under the State Council are excluded.</p> <p>The shares or other securities with an equity nature held by directors, supervisors, senior executives and individual shareholders referred to in the preceding paragraph include the shares or other securities with an equity nature held by their spouses, parents, and children, and any of the above which is indirectly held in others' accounts.</p> <p>If the Board fails to comply with the provision set out in paragraph (1) of this Article, the shareholders have the right to request the Board to do so within 30 days. The shareholders have the right to initiate litigation in the court directly in their own name for the interests of the Company if the Board fails to comply with the provision within the period specified hereinabove.</p> <p>If the Board refuses to comply with paragraph (1) of this Article, the directors at fault shall be collectively responsible under the relevant laws.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 36</b> The Company or its subsidiaries shall not at any time or in any form provide any financial assistance to purchasers or potential purchasers of the Company’s shares. The aforesaid purchasers include persons directly or indirectly undertaking obligations because of the purchase of the Company’s shares.</p> <p>The Company or its subsidiaries shall not at any time or in any form provide any financial assistance to the aforesaid obligors for the purpose of reducing or discharging their obligations.</p> <p>The provisions herein do not apply to the circumstances set out in Article 38 of this Chapter.</p>	<p><b>Article 38</b> The Company or its subsidiaries shall not at any time or in any form provide any financial assistance to purchasers or potential purchasers of the Company’s shares. The aforesaid purchasers include persons directly or indirectly undertaking obligations because of the purchase of the Company’s shares.</p> <p>The Company or its subsidiaries shall not at any time or in any form provide any financial assistance to the aforesaid obligors for the purpose of reducing or discharging their obligations.</p> <p>The provisions herein do not apply to the circumstances set out in Article <del>4038</del> of this Chapter.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 38</b> The following acts are not deemed as prohibited under Article 36 of this Chapter:</p> <p>(I) The Company provides the relevant financial assistance truthfully in the interest of the Company and the said financial assistance is not mainly intended to buy back the Company’s shares or the said financial assistance is part of a general plan of the Company;</p> <p>(II) The Company distributes its properties as dividends in accordance with the law;</p> <p>(III) The Company distributes shares as dividends;</p> <p>(IV) The Company decreases the registered capital, buys back shares and adjusts the equity structure in accordance with the Articles of Association;</p> <p>(V) The Company, within its business scope, provides loan for its normal business operations (but such financial assistance shall not give rise to a decrease of the net assets of the Company, or despite a decrease, such financial assistance is deducted from the distributable profit of the Company); and</p> <p>(VI) The Company provides loan for the employee stock ownership plan (but such financial assistance shall not give rise to a decrease of the net assets of the Company, or despite a decrease, such financial assistance is deducted from the distributable profit of the Company).</p>	<p><b>Article 40</b> The following acts are not deemed as prohibited under Article <del>36</del> of this Chapter:</p> <p>(I) The Company provides the relevant financial assistance truthfully in the interest of the Company and the said financial assistance is not mainly intended to buy back the Company’s shares or the said financial assistance is part of a general plan of the Company;</p> <p>(II) The Company distributes its properties as dividends in accordance with the law;</p> <p>(III) The Company distributes shares as dividends;</p> <p>(IV) The Company decreases the registered capital, buys back shares and adjusts the equity structure in accordance with the Articles of Association;</p> <p>(V) The Company, within its business scope, provides loan for its normal business operations (but such financial assistance shall not give rise to a decrease of the net assets of the Company, or despite a decrease, such financial assistance is deducted from the distributable profit of the Company); and</p> <p>(VI) The Company provides loan for the employee stock ownership plan (but such financial assistance shall not give rise to a decrease of the net assets of the Company, or despite a decrease, such financial assistance is deducted from the distributable profit of the Company).</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 39</b> The Company’s shares are all registered shares.</p> <p>Matters specified in the Company’s shares shall include:</p> <p>(I) Company name;</p> <p>(II) Date of incorporation of the Company;</p> <p>(III) Type of shares, par value and number of shares represented;</p> <p>(IV) Stock number;</p> <p>(V) Other matters to be specified pursuant to the Company Law, Special Provisions and as required by the stock exchange on which the Company’s shares are listed.</p> <p>During the period when H shares are listed on the Hong Kong Stock Exchange, the Company shall ensure all listing documents and ownership certificates of all its shares listed on the Hong Kong Stock Exchange (including H shares) shall include the following statements, and shall instruct and promote its share registrar to reject any subscription, purchase or transfer of the shares registered in the name of any individual holder, unless and until the said individual holder has submitted to the said share registrar the signed form relating to the said shares, which form shall include the following statements:</p> <p>(I) The share buyer and the Company and each of its shareholders, and the Company and each of its shareholders, have agreed to observe and comply with the Company Law, Special Provisions, other relevant laws, administrative regulations and the Articles of Association.</p>	<p><b>Article 41</b> The Company’s shares are all registered shares.</p> <p>Matters specified in the Company’s shares shall include:</p> <p>(I) Company name;</p> <p>(II) Date of incorporation of the Company;</p> <p>(III) Type of shares, par value and number of shares represented;</p> <p>(IV) Stock number;</p> <p>(V) Other matters to be specified pursuant to the Company Law, <del>Special Provisions</del> and as required by the stock exchange on which the Company’s shares are listed.</p> <p>During the period when H shares are listed on the Hong Kong Stock Exchange, the Company shall ensure all listing documents and ownership certificates of all its shares listed on the Hong Kong Stock Exchange (including H shares) shall include the following statements, and shall instruct and promote its share registrar to reject any subscription, purchase or transfer of the shares registered in the name of any individual holder, unless and until the said individual holder has submitted to the said share registrar the signed form relating to the said shares, which form shall include the following statements:</p> <p>(I) The share buyer and the Company and each of its shareholders, and the Company and each of its shareholders, have agreed to observe and comply with the Company Law, <del>Special Provisions</del>, other relevant laws, administrative regulations and the Articles of Association.</p>

<b>Existing Terms of Articles of Association</b>	<b>Proposed Amendments to Articles of Association</b>
<p>(II) The share buyer together with the Company and the Company’s each shareholder, director, supervisor, general manager and senior executive, and the Company acting on its behalf and for each director, supervisor, general manager and senior executive and each shareholder agree to refer all disputes or claims arising from the Articles of Association or from the rights or obligations specified in the Company Law or other relevant laws or administrative regulations with respect to the Company’s affairs to arbitration in accordance with the Articles of Association, and that any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct a public hearing in open session and to publish its arbitration award, and the arbitration award shall be final and conclusive.</p> <p>(III) The share buyer together with the Company and each of its shareholders agree that the shares of the Company can be transferred freely by the holders.</p> <p>(IV) The share buyer authorizes the Company to conclude contract on his behalf with each director and senior executive, who shall undertake to observe and fulfil duties for shareholders as specified in the Articles of Association.</p>	<p>(II) The share buyer agrees with the Company and the Company’s each shareholder, director, supervisor, general manager and senior executive, and the Company acting on its behalf and for each director, supervisor, general manager and senior executive and each shareholder agree to refer all disputes or claims arising from the Articles of Association or from the rights or obligations specified in the Company Law or other relevant laws or administrative regulations with respect to the Company’s affairs to arbitration in accordance with the Articles of Association, and that any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct a public hearing in open session and to publish its arbitration award, and the arbitration award shall be final and conclusive.</p> <p>(III) The share buyer together with the Company and each of its shareholders agree that the shares of the Company can be transferred freely by the holders.</p> <p>(IV) The share buyer authorizes the Company to conclude contract on his behalf with each director and senior executive, who shall undertake to observe and fulfil duties for shareholders as specified in the Articles of Association.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 58</b> Save for the obligations under the laws, administrative regulations or the listing rules of the stock exchange with which the Company’s shares are listed, the controlling shareholders (as defined in Article 59), in exercising their rights as shareholders, shall not make any decision detrimental to the interests of all or some shareholders as a result of the exercise of their voting rights on the following issues:</p> <p>(I) Exempting directors and supervisors from the obligation to act honestly in the best interest of the Company in good faith;</p> <p>(II) Allowing directors and supervisors (for the interests of their own or others) to seize from the Company its asset in any way, including (but not limited to) any opportunity favourable to the Company;</p> <p>(III) Allowing directors and supervisors (for the interests of their own or others) to seize from other shareholders their personal rights and interests, including (but not limited to) any right to profit distribution and right to vote, but excluding corporate reorganization submitted for adoption at the general meeting pursuant to the Articles of Association.</p> <p>The controlling shareholders and actual controllers of the Company shall not use the connected relations to damage the interests of the Company; otherwise, they shall make compensation for the loss incurred to the Company.</p> <p>The controlling shareholders and actual controllers of the Company shall be honest to the Company and general public shareholders. The controlling shareholders shall duly exercise contributors’ rights according to law, shall not damage the legitimate rights and interests of the Company and general public shareholders by such means as profit distribution, asset reorganization, external investment, fund appropriation and loan guarantee and shall not abuse its controlling status to damage the interests of the Company and general public shareholders.</p>	<p><b>Article 60</b> Save for the obligations under the laws, administrative regulations or the listing rules of the stock exchange with which the Company’s shares are listed, the controlling shareholders (as defined in Article <del>59</del>), in exercising their rights as shareholders, shall not make any decision detrimental to the interests of all or some shareholders as a result of the exercise of their voting rights on the following issues:</p> <p>(I) Exempting directors and supervisors from the obligation to act honestly in the best interest of the Company in good faith;</p> <p>(II) Allowing directors and supervisors (for the interests of their own or others) to seize from the Company its asset in any way, including (but not limited to) any opportunity favourable to the Company;</p> <p>(III) Allowing directors and supervisors (for the interests of their own or others) to seize from other shareholders their personal rights and interests, including (but not limited to) any right to profit distribution and right to vote, but excluding corporate reorganization submitted for adoption at the general meeting pursuant to the Articles of Association.</p> <p>The controlling shareholders and actual controllers of the Company shall not use the connected relations to damage the interests of the Company; otherwise, they shall make compensation for the loss incurred to the Company.</p> <p>The controlling shareholders and actual controllers of the Company shall be honest to the Company and general public shareholders. The controlling shareholders shall duly exercise contributors’ rights according to law, shall not damage the legitimate rights and interests of the Company and general public shareholders by such means as profit distribution, asset reorganization, external investment, fund appropriation and loan guarantee and shall not abuse its controlling status to damage the interests of the Company and general public shareholders.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 61</b> A general meeting shall exercise the following functions and powers:</p> <p>(I) To decide the business operation guideline and investment plan for the Company;</p> <p>(II) To elect and replace directors and to decide on matters relating to remuneration of the directors;</p> <p>(III) To elect and replace supervisors who are not the employee representative and to decide on matters relating to remuneration of the supervisors;</p> <p>(IV) To examine and approve reports of the Board;</p> <p>(V) To examine and approve reports of the Supervisory Committee;</p> <p>(VI) To examine and approve the annual financial budgets and final accounting plans of the Company;</p> <p>(VII) To examine and approve the Company's profit distribution plan and loss recovery plan;</p> <p>(VIII) To resolve on increase or decrease of the registered capital of the Company;</p> <p>(IX) To resolve on the merger, division, dissolution, liquidation or transformation of the Company;</p> <p>(X) To resolve on the issuance of corporate bonds and other securities and the listing of the Company;</p>	<p><b>Article 63</b> A general meeting shall exercise the following functions and powers:</p> <p>(I) To decide the business operation guideline and investment plan for the Company;</p> <p>(II) To elect and replace directors and to decide on matters relating to remuneration of the directors;</p> <p>(III) To elect and replace supervisors who are not the employee representative and to decide on matters relating to remuneration of the supervisors;</p> <p>(IV) To examine and approve reports of the Board;</p> <p>(V) To examine and approve reports of the Supervisory Committee;</p> <p>(VI) To examine and approve the annual financial budgets and final accounting plans of the Company;</p> <p>(VII) To examine and approve the Company's profit distribution plan and loss recovery plan;</p> <p>(VIII) To resolve on increase or decrease of the registered capital of the Company;</p> <p>(IX) To resolve on the merger, division, dissolution, liquidation or transformation of the Company;</p> <p>(X) To resolve on the issuance of corporate bonds and other securities and the listing of the Company;</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>(XI) To resolve on the appointment, removal or non-reappointment of certified public accountants of the Company;</p> <p>(XII) To amend the Articles of Association;</p> <p>(XIII) To examine proposals made by shareholders severally or jointly representing more than 1% of the voting shares of the Company;</p> <p>(XIV) To examine and approve the guarantees under Article 62;</p> <p>(XV) To examine the Company’s purchase or disposal of major assets within one year or matters with the amount guaranteed exceeding 30% of the total assets of the Company;</p> <p>(XVI) To examine and approve any changes to the use of proceeds;</p> <p>(XVII) To review share incentive plans;</p> <p>(XVIII) To resolve on other matters which, in accordance with the laws, administrative regulations, listing rules of the stock exchange with which the Company’s shares are listed and the Articles of Association, shall be approved by a general meeting.</p>	<p>(XI) To resolve on the appointment, removal or non-reappointment of certified public accountants of the Company;</p> <p>(XII) To amend the Articles of Association;</p> <p>(XIII) To examine proposals made by shareholders severally or jointly representing more than <del>3+</del>% of the voting shares of the Company;</p> <p>(XIV) To examine and approve the guarantees under Article <del>62</del>;</p> <p>(XV) To examine the Company’s purchase or disposal of major assets within one year or matters with the amount guaranteed exceeding 30% of the total assets of the Company;</p> <p>(XVI) To examine and approve any changes to the use of proceeds;</p> <p>(XVII) To review share incentive plans;</p> <p>(XVIII) To resolve on other matters which, in accordance with the laws, administrative regulations, listing rules of the stock exchange with which the Company’s shares are listed and the Articles of Association, shall be approved by a general meeting.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 68</b> The contents of the resolutions must be within the scope of duties of general meetings. It must contain clear topics and detailed matters to be resolved at the meeting, and be in compliance with the relevant laws, administrative regulations and the Articles of Association.</p> <p>At general meetings of the Company, the Board, the Supervisory Committee, and shareholder(s) individually or jointly holding more than 1% of the Company's shares shall have the right to propose motions to the Company. The content of a proposal shall be determined by the general meeting, have definite topics and specific issues for resolution, and shall comply with the provisions of the laws, regulations and the Articles of Association.</p> <p>Shareholder(s) individually or jointly holding more than 1% of the Company's shares may submit a written provisional proposal to the convener 10 days before a general meeting is convened; the convener shall issue a supplementary notice of general meeting within two days after receipt of the aforesaid proposal, to notify other shareholders and to submit the aforesaid proposal to the general meeting for consideration.</p> <p>Except as provided in the preceding paragraph, after the notice of the general meeting has been issued, he/she shall not change the proposals or add any new proposals in the notice of the general meeting.</p> <p>Proposals not set out in the notice of general meeting or not complying with the provision herein shall not be voted on or resolved at the general meeting.</p>	<p><b>Article 70</b> The contents of the resolutions must be within the scope of duties of general meetings. It must contain clear topics and detailed matters to be resolved at the meeting, and be in compliance with the relevant laws, administrative regulations and the Articles of Association.</p> <p>At general meetings of the Company, the Board, the Supervisory Committee, and shareholder(s) individually or jointly holding more than <del>1%</del> 3+% of the Company's shares shall have the right to propose motions to the Company. The content of a proposal shall be determined by the general meeting, have definite topics and specific issues for resolution, and shall comply with the provisions of the laws, regulations and the Articles of Association.</p> <p>Shareholder(s) individually or jointly holding more than <del>1%</del> 3+% of the Company's shares may submit a written provisional proposal to the convener 10 days before a general meeting is convened; the convener shall issue a supplementary notice of general meeting within two days after receipt of the aforesaid proposal, to notify other shareholders and to submit the aforesaid proposal to the general meeting for consideration.</p> <p>Except as provided in the preceding paragraph, after the notice of the general meeting has been issued, he/she shall not change the proposals or add any new proposals in the notice of the general meeting.</p> <p>Proposals not set out in the notice of general meeting or not complying with the provision herein shall not be voted on or resolved at the general meeting.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 91</b> The following issues shall be approved by special resolutions at a general meeting:</p> <p>(I) Increase or reduction in share capital of the Company and the issue of shares of any class, warrants and other similar securities;</p> <p>(II) Issue of bonds of the Company;</p> <p>(III) Division, merger, dissolution, liquidation or transformation of the Company;</p> <p>(IV) Revision of the Articles of Association;</p> <p>(V) Any other issue confirmed by an ordinary resolution at a general meeting that it may have material impact on the Company and accordingly shall be approved by a special resolution;</p> <p>(VI) The Company's acquisition or disposal of major assets within one year with the transaction amount exceeding 30% of the total assets of the Company; and</p> <p>(VII) Other issues requiring adoption by special resolution pursuant to the Articles of Association and the Listing Rules.</p>	<p><b>Article 93</b> The following issues shall be approved by special resolutions at a general meeting:</p> <p>(I) Increase or reduction in share capital of the Company and the issue of shares of any class, warrants and other similar securities;</p> <p><del>(II) Issue of bonds of the Company;</del></p> <p><b>(II)</b> Division, merger, dissolution, liquidation or transformation of the Company;</p> <p><b>(III)</b> Revision of the Articles of Association;</p> <p><b>(IV)</b> Any other issue confirmed by an ordinary resolution at a general meeting that it may have material impact on the Company and accordingly shall be approved by a special resolution;</p> <p><b>(V)</b> The Company's acquisition or disposal of major assets within one year with the transaction amount exceeding 30% of the total assets of the Company; and</p> <p><b>(VI)</b> Other issues requiring adoption by special resolution pursuant to the Articles of Association and the Listing Rules.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 93</b> The general meeting shall be convened by the Board, and the chairman of the Board shall act as the presider of the meeting. If the chairman is unable or fails to perform his duties, the deputy chairman shall convene and act as the presider of the meeting. In the event that the deputy chairman is unable or fails to perform his duties, more than half of the directors may elect a director to convene and act as the presider of the meeting.</p> <p>If the Board cannot or fails to convene a general meeting, the Supervisory Committee shall duly convene and preside; if even the Supervisory Committee cannot or fails to convene and preside over a general meeting, the shareholders individually or jointly holding more than 10% of the Company's shares for more than 90 consecutive days may by themselves convene and preside over a general meeting.</p> <p>A general meeting convened by the Supervisory Committee itself shall be presided over by the chief supervisor. Where the chief supervisor cannot or fails to fulfil the duty thereof, the majority of the supervisors shall jointly elect a supervisor to preside.</p> <p>A general meeting convened by the shareholders themselves shall be presided over by a representative elected by the convener. In the event that no presider is so elected, the attending shareholders shall elect one person to act as presider of the meeting; if for any reason the shareholders cannot elect a presider, the shareholder (including proxy thereof) holding the most voting shares among the attending shareholders shall preside over the meeting.</p> <p>During the general meeting, if the chairman breaches any procedure rules such that the general meeting is unable to continue, the general meeting may elect a person to serve as the chairman for continuing with the meeting upon obtaining consent of more than 50% of the shareholders present at the meeting who have the voting rights.</p>	<p><b>Article 95</b> The general meeting shall be convened by the Board, and the chairman of the Board shall act as the presider of the meeting. If the chairman is unable or fails to perform his duties, <del>the deputy chairman shall convene and act as the presider of the meeting.</del> <del>In the event that the deputy chairman is unable or fails to perform his duties,</del> more than half of the directors may elect a director to convene and act as the presider of the meeting.</p> <p>If the Board cannot or fails to convene a general meeting, the Supervisory Committee shall duly convene and preside; if even the Supervisory Committee cannot or fails to convene and preside over a general meeting, the shareholders individually or jointly holding more than 10% of the Company's shares for more than 90 consecutive days may by themselves convene and preside over a general meeting.</p> <p>A general meeting convened by the Supervisory Committee itself shall be presided over by the chief supervisor. Where the chief supervisor cannot or fails to fulfil the duty thereof, the majority of the supervisors shall jointly elect a supervisor to preside.</p> <p>A general meeting convened by the shareholders themselves shall be presided over by a representative elected by the convener. In the event that no presider is so elected, the attending shareholders shall elect one person to act as presider of the meeting; if for any reason the shareholders cannot elect a presider, the shareholder (including proxy thereof) holding the most voting shares among the attending shareholders shall preside over the meeting.</p> <p>During the general meeting, if the chairman breaches any procedure rules such that the general meeting is unable to continue, the general meeting may elect a person to serve as the chairman for continuing with the meeting upon obtaining consent of more than 50% of the shareholders present at the meeting who have the voting rights.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 106</b> Any proposed change or cancellation by the Company to the rights of class shareholders shall not come into effect unless approved by special resolutions at a general meeting and a separate general meeting convened by the class shareholders so affected in accordance with Articles 108 to 112.</p>	<p><b>Article 108</b> Any proposed change or cancellation by the Company to the rights of class shareholders shall not come into effect unless approved by special resolutions at a general meeting and a separate general meeting convened by the class shareholders so affected in accordance with Articles <del>110</del><b>08</b> to <del>114</del><b>2</b>.</p>
<p><b>Article 108</b> The class shareholders so affected, whether or not otherwise entitled to vote at a general meeting, shall nevertheless be entitled to vote at any class meetings with respect to matters set forth in (2) to (8), (11) to (12) of Article 107, but interested shareholder(s) shall not be entitled to vote in class meetings.</p> <p>Interested shareholders as specified in the preceding paragraph refer to:</p> <p>(I) In the event of a repurchase of shares by the Company by way of a general offer to all shareholders of the Company with the same proportion or by way of public transactions on a stock exchange pursuant to Article 28 of the Articles of Association, an “interested shareholder” is a controlling shareholder as defined in Article 59 of the Articles of Association;</p> <p>(II) In the event of a buyback of shares by the Company by an off-market agreement pursuant to Article 28 of the Articles of Association, an “interested shareholder” is a shareholder related to the agreement; or</p> <p>(III) In the event of reorganization of the Company, an “interested shareholder” is a shareholder who assumes a relatively less proportion of obligation than that of other shareholders of that class or who has an interest different from that of other shareholders of that class.</p>	<p><b>Article 110</b> The class shareholders so affected, whether or not otherwise entitled to vote at a general meeting, shall nevertheless be entitled to vote at any class meetings with respect to matters set forth in (2) to (8), (11) to (12) of Article <del>109</del><b>7</b>, but interested shareholder(s) shall not be entitled to vote in class meetings.</p> <p>Interested shareholders as specified in the preceding paragraph refer to:</p> <p>(I) In the event of a repurchase of shares by the Company by way of a general offer to all shareholders of the Company with the same proportion or by way of public transactions on a stock exchange pursuant to Article <del>30</del><b>28</b> of the Articles of Association, an “interested shareholder” is a controlling shareholder as defined in Article <del>61</del><b>59</b> of the Articles of Association;</p> <p>(II) In the event of a buyback of shares by the Company by an off-market agreement pursuant to Article <del>30</del><b>28</b> of the Articles of Association, an “interested shareholder” is a shareholder related to the agreement; or</p> <p>(III) In the event of reorganization of the Company, an “interested shareholder” is a shareholder who assumes a relatively less proportion of obligation than that of other shareholders of that class or who has an interest different from that of other shareholders of that class.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 109</b> Resolutions of a class general meeting shall be approved by votes representing more than two-thirds of the voting rights of shareholders of that class present at the meeting who, in accordance with Article 108, are entitled to vote at the meeting.</p>	<p><b>Article 111</b> Resolutions of a class general meeting shall be approved by votes representing more than two-thirds of the voting rights of shareholders of that class present at the meeting who, in accordance with Article 110<del>08</del>, are entitled to vote at the meeting.</p>
<p><b>Additional Article 115</b></p>	<p><b>Article 115</b> The Company shall set up the <b>Committee of the Communist Party of Red Star Macalline Group Corporation Ltd. (“Party Committee of the Company”)</b> and the <b>Committee for Discipline Inspection of the Communist Party of Red Star Macalline Group Corporation Ltd. (“Discipline Inspection Committee of the Company”)</b>.</p>
<p><b>Additional Article 116</b></p>	<p><b>Article 116</b> The Party Committee of the Company shall have one secretary, with a deputy secretary in charge of the Party-building work of the Company. Eligible members of the Party Committee of the Company can become members of the Board, the Supervisory Committee and the managers through legal procedures; eligible members of the managers of the Company can become members of the Board through legal procedures; and eligible members of the Party Committee of the Board, the Supervisory Committee and the managers can also join the Party Committee of the Company in accordance with relevant rules and procedures.</p> <p>The number of secretaries, deputy secretaries and members of the Party Committee of the Company as well as the Discipline Inspection Committee of the Company shall be established according to the approval by higher-level Party organizations, and shall be elected or appointed in accordance with the Party Constitution and other relevant regulations.</p>
<p><b>Additional Article 117</b></p>	<p><b>Article 117</b> The Party Committee of the Company shall set up the Office of the Party Committee as the daily work department of the Party Committee.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Additional Article 118</b></p>	<p><b>Article 118</b> The establishment of the Party organization and its staffing shall be incorporated into the Company’s management organization and the formation thereof. The expenses of the Party organization shall be included in the Company’s budget, which will be disbursed from the Company’s management fee.</p>
<p><b>Additional Article 119</b></p>	<p><b>Article 119</b> The Party Committee of the Company shall perform the following duties in accordance with the Party Constitution and other Party regulations:</p> <p>(I) Ensuring and supervising the implementation and carrying out of the Party’s and State’s policies and the decisions and deployments of the Party Central Committee and State Council in the Company;</p> <p>(II) Insisting on the combination of the principles that the Party shall administrate cadres, that the board of directors shall choose the operational management according to laws, and that the management shall exercise their rights to promote or demote personnel according to laws. The Party Committee of the Company shall consider and provide comments on the candidates for management positions nominated by the Board or the general manager, or recommend candidates to the Board and the general manager; and work together with the Board to review the candidates to be appointed and provide comments collectively. Performing the Party’s duty of management of cadres, and implementing the strategy of strengthening the enterprises by talents;</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
	<p>(III) Researching and discussing the reforms, development and stabilization of the Company, significant operational arrangement of the Company and significant matters related to the vital interests of the employees, and providing comments or suggestions;</p> <p>(IV) Performing as the responsible body the duties on the establishment of the Party's ethics and an incorrupt administration; leading and supporting the performance of the duties of discipline and imputation by the Discipline Inspection Committee of the Company;</p> <p>(V) Strengthening the construction of the grassroot-level Party organizations and Party members; emphasizing the daily education, supervision and administration; fully playing the key roles of the Party as the battle base and as the pioneer role model for the Party members; and solidarizing and leading the cadres and employees proactively devoting to the reforms and development of the Company;</p> <p>(VI) Leading the ideological and political work, the spiritual civilization construction, the united front work, the corporate culture construction and the mass work of the Company;</p> <p>(VII) Researching on other matters that shall be decided by the Party Committee of the Company.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Additional Article 120</b></p>	<p><b>Article 120</b> The main procedures of participation by the Party Committee of the Company in the corporate decisions are as follows:</p> <p><b>(I) Party Committee of the Company discusses in advance:</b> The Party Committee of the Company shall convene meetings to discuss and research on the significant matters proposed by the Board and the managers, to provide comments and suggestions, and then conclude meeting minutes. In the event that the Party Committee of the Company finds the matters proposed by the Board and the managers are not in conformity with the policies of the Party and the State's laws and regulations, or may undermine the interests of the State and the public or undermine the legitimate benefits of the Company and its employees, it shall suggest to withdraw or suspend the proposed matters. In the event that the Party Committee of the Company is of the view that there is any other significant matters that shall be decided by the Board and the managers, it may be submitted to the Board and the managers;</p> <p><b>(II) Communication before the meetings:</b> Members of the Party Committee of the Company who are elected or appointed as the members of the Board or the managers, especially those who are elected or appointed as the chairman of the Board and the general manager, shall communicate with other members in the Board and the managers as to the comments and suggestions of Party Committee of the Company before the proposals are formally submitted to the meetings of the Board or the general managers' office;</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
	<p><b>(III) Expression during the meetings: Members of the Party Committee of the Company who are elected or appointed as the members of the Board or the managers shall fully express the comments and suggests deliberated by the Party Committee of the Company and report the decisions of the Board and the managers to the Party Committee of the Company.</b></p>
<p><b>Article 113</b> Directors shall be elected at general meetings for a term of three years, which is renewable upon re-election when it expires. Before the expiration, the general meeting cannot terminate their services without cause.</p> <p>The chairman and vice chairman shall be elected and removed by more than half of all the directors, shall serve a term of three years, and is eligible for re-election.</p> <p>The term of office of the directors is calculated from the date of appointment to the expiration of this session of the Board. In cases where the tenure expires and the re-election is not conducted promptly, the existing original directors shall, before the newly elected directors take office, perform their duties in accordance with the relevant laws, administrative regulations, departmental rules and the Articles of Association.</p> <p>The managers and other senior executives may also serve as directors. The number of directors also serving as managers, other senior executives or employee representatives shall not be more than one half of the total number of directors of the Company.</p> <p>Directors need not hold shares of the Company.</p>	<p><b>Article 121</b> Directors shall be elected at general meetings for a term of three years, which is renewable upon re-election when it expires. Before the expiration, the general meeting cannot terminate their services without cause.</p> <p>The chairman <del>and vice chairman</del> shall be elected and removed by more than half of all the directors, shall serve a term of three years, and is eligible for re-election.</p> <p>The term of office of the directors is calculated from the date of appointment to the expiration of this session of the Board. In cases where the tenure expires and the re-election is not conducted promptly, the existing original directors shall, before the newly elected directors take office, perform their duties in accordance with the relevant laws, administrative regulations, departmental rules and the Articles of Association.</p> <p>The managers and other senior executives may also serve as directors. The number of directors also serving as managers, other senior executives or employee representatives shall not be more than one half of the total number of directors of the Company.</p> <p>Directors need not hold shares of the Company.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 114</b> The candidates for Directors shall generally be proposed by the Board of the Company at the general meetings. The shareholders and the Supervisory Committee of the Company are entitled to nominate candidates for director pursuant to the Articles of Association.</p> <p>A notice of the intention to nominate a person as director and a notice by that person indicating his acceptance of such nomination shall be given to the Company at least seven days in advance; the deadline for giving the said notice shall be calculated from the second day after Company issues the notice of election meeting and shall not be later than seven days before convening of the meeting.</p> <p>The notice of the meeting shall carry full information about the resume of the director candidates, reasons for election of them and the candidates' attitudes toward the nomination.</p>	<p><b>Article 122</b> The list of candidates for Directors and Supervisors is submitted to the general meeting of the Company for voting by way of proposal. The detailed nomination procedures are as follows:</p> <p>(I) Pursuant to the provisions of laws, administrative regulations and the Articles of Association, a list of Director candidates shall be proposed by the chairman of the Board within the number of candidates as set out in these Articles of Association, and shall be subject to the voting and election at the general meeting by way of a resolution upon approval by the Board; a list of Supervisor candidates (not being employee representatives) shall be proposed by the chairman of the Supervisory Committee and shall be subject to the voting and election at the general meeting by way of a resolution upon approval by the Supervisory Committee;</p> <p>(II) Shareholder(s) severally or jointly holding more than 3% of the total voting shares of the Company may propose to the Board of the Company about the candidates for Directors or propose to the Supervisory Committee about the candidates for Supervisors (not being employee representatives). However, the number and criteria of candidates proposed shall comply with the provisions of laws, administrative regulations and the Articles of Association, and shall not exceed the number to be elected. The Board and the Supervisory Committee shall submit the foregoing candidates elected by the Shareholders for consideration at the general meeting;</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
	<p><b>(III) The approach and procedures for nomination of independent Directors should be made in accordance with the relevant requirements of the laws and regulations.</b></p> <p><b>The nominator shall obtain the undertakings, in written form, of the candidates prior to nominating such candidates for Directors or Supervisors, to confirm that they accept the nomination and undertake the truthfulness and completeness of the disclosed information regarding the candidates for Directors or Supervisors, and guarantee to faithfully performing the duties of Directors or Supervisors.</b></p> <p>A notice of the intention to nominate a person as director or <b>supervisor</b> and a notice by that person indicating his acceptance of such nomination shall be given to the Company at least seven days in advance; The calculation of the aforesaid notice period beings on the second day after the Company issues the notice of election meeting and shall not be later than seven days before convening of the meeting.</p> <p>The notice of the meeting shall disclose full information about the resume of the Director candidates and the <b>Supervisor</b> candidates, reasons for election of them and the candidates' attitudes toward the nomination.</p>
<p><b>Article 128</b> The Company sets a Board, which comprises 14 directors, including one chairman, one vice chairman and five independent non-executive directors.</p> <p>Independent non-executive directors may directly report to the general meeting, CSRC and other relevant regulatory authorities.</p>	<p><b>Article 136</b> The Company sets a Board, which comprises 14 directors, including one chairman, <del>one vice chairman</del> and five independent non-executive directors.</p> <p>Independent non-executive directors may directly report to the general meeting, CSRC and other relevant regulatory authorities.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 129</b> The Board shall be accountable to the general meeting and exercise the following functions and powers:</p> <p>(I) To be responsible for convening general meetings and reporting its work to the general meetings;</p> <p>(II) To execute resolutions of general meetings;</p> <p>(III) to resolve on the Company’s business plans and investment plans;</p> <p>(IV) To prepare the Company’s annual financial budgets and final accounting plans;</p> <p>(V) To prepare the Company’s profit distribution plans and loss recovery plans;</p> <p>(VI) To formulate the plan for increase or reduction of the Company’s registered capital, and the plan for issue of the Company’s bonds;</p> <p>(VII) To prepare plans for the Company’s merger, division, dissolution or transformation;</p> <p>(VIII) To resolve on the buyback of the Company’s shares under the circumstances as provided in (III), (V) and (VI) of Article 27 of the Articles of Association;</p> <p>(IX) To decide on the internal management structure of the Company;</p> <p>(X) To appoint or dismiss the Company’s general manager; to appoint or dismiss the Company’s vice president, chief financial officer and other senior executives as nominated by the general manager and determine their remunerations;</p>	<p><b>Article 137</b> The Board shall be accountable to the general meeting and exercise the following functions and powers:</p> <p>(I) To be responsible for convening general meetings and reporting its work to the general meetings;</p> <p>(II) To execute resolutions of general meetings;</p> <p>(III) to resolve on the Company’s business plans and investment plans;</p> <p>(IV) To prepare the Company’s annual financial budgets and final accounting plans;</p> <p>(V) To prepare the Company’s profit distribution plans and loss recovery plans;</p> <p>(VI) To formulate the plan for increase or reduction of the Company’s registered capital, and the plan for issue of the Company’s bonds;</p> <p>(VII) To prepare plans for the Company’s merger, division, dissolution or transformation;</p> <p>(VIII) To resolve on the buyback of the Company’s shares under the circumstances as provided in (III), (V) and (VI) of Article 297 of the Articles of Association;</p> <p>(IX) To decide on the internal management structure of the Company;</p> <p>(X) To appoint or dismiss the Company’s general manager; to appoint or dismiss the Company’s vice president, chief financial officer and other senior executives as nominated by the general manager and determine their remunerations;</p>

<b>Existing Terms of Articles of Association</b>	<b>Proposed Amendments to Articles of Association</b>
<p>(XI) To work out the basic management system of the Company;</p> <p>(XII) To formulate the plan for any amendment to the Articles of Association;</p> <p>(XIII) Manage information disclosure of the Company;</p> <p>(XIV) Propose to the general meeting to appoint or replace the accounting firm which conduct auditing for the Company;</p> <p>(XV) Listen to the work report of the company managers and inspect the tasks managed by the managers;</p> <p>(XVI) To exercise other functions and powers as stipulated by laws, regulations and the listing rules of the stock exchange with which the Company is listed or conferred by the general meetings and the Articles of Association.</p> <p>The Board may resolve on the issues specified in the preceding paragraph by approval of more than half of the directors save for the issues specified in (VI), (VII) and (XII), of which approval of more than two-thirds of the directors is required. The directors shall perform their duties in accordance with laws and administrative regulations of the state, the Listing Rules, the Articles of Association and resolutions of general meetings.</p>	<p>(XI) To work out the basic management system of the Company;</p> <p>(XII) To formulate the plan for any amendment to the Articles of Association;</p> <p>(XIII) Manage information disclosure of the Company;</p> <p>(XIV) Propose to the general meeting to appoint or replace the accounting firm which conduct auditing for the Company;</p> <p>(XV) Listen to the work report of the company managers and inspect the tasks managed by the managers;</p> <p>(XVI) To exercise other functions and powers as stipulated by laws, regulations and the listing rules of the stock exchange with which the Company is listed or conferred by the general meetings and the Articles of Association.</p> <p>The Board may resolve on the issues specified in the preceding paragraph by approval of more than half of the directors save for the issues specified in (VI), (VII) and (XII), of which approval of more than two-thirds of the directors is required. The directors shall perform their duties in accordance with laws and administrative regulations of the state, the Listing Rules, the Articles of Association and resolutions of general meetings.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Additional Article 138</b></p>	<p><b>Article 138</b> When making decisions on significant matters of the Company, the Board should seek advice from the Party Committee of the Company. Major operation management issues and “Three Importance and One Large” issues must be first deliberated and discussed by the Party organization before they are determined by the Board.</p>
<p><b>Article 133</b> The chairman of the Board shall exercise the following functions and powers:</p> <p>(I) To preside over general meetings and to convene and preside over board meetings;</p> <p>(II) To examine the implementation of the resolutions of the Board;</p> <p>(III) To sign the securities certificates issued by the Company;</p> <p>(IV) To exercise other functions and powers conferred by the Board or the Listing Rules.</p> <p>If the chairman is unable to perform his duties, more than half of the directors may elect a director to perform such duties, or the vice chairman may be designate by the chairman to perform such duties in proxy.</p>	<p><b>Article 142</b> The chairman of the Board shall exercise the following functions and powers:</p> <p>(I) To preside over general meetings and to convene and preside over board meetings;</p> <p>(II) To examine the implementation of the resolutions of the Board;</p> <p>(III) To sign the securities certificates issued by the Company;</p> <p>(IV) To exercise other functions and powers conferred by the Board or the Listing Rules.</p> <p>If the chairman is unable to perform his duties, more than half of the directors may elect a director to perform such duties, <del>or the vice chairman may be designate by the chairman to perform such duties in proxy.</del></p>
<p><b>Article 134</b> Board meetings include regular meetings and provisional meetings. Board meetings shall be held at least four times a year and shall be convened by the chairman. Notice of the regular meeting of the Board shall be given at least 14 days in advance and that of a provisional meeting shall be given at least five days in advance. Notice deadlines of the said meetings may be exempted upon the consent of directors of the Company. Where a provisional board meeting needs to be convened in emergency, the notice of meeting may be sent by telephone or by other verbal means, but the convener shall make explanations at the meeting.</p>	<p><b>Article 143</b> Board meetings include regular meetings and provisional meetings. Board meetings shall be held at least four times a year and shall be convened by the chairman. Notice of the regular meeting of the Board shall be given at least 14 days in advance and that of a provisional meeting shall be given at least <b>3 days</b> in advance. Notice deadlines of the said meetings may be exempted upon the consent of directors of the Company. Where a provisional board meeting needs to be convened in emergency, the notice of meeting may be sent by telephone or by other verbal means, but the convener shall make explanations at the meeting.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p>An extraordinary board meeting may be held, if:</p> <p>(I) Proposed by shareholders representing more than 10% of the voting rights;</p> <p>(II) Jointly proposed by more than one-third of the directors;</p> <p>(III) Proposed by the Supervisory Committee;</p> <p>(IV) Deemed necessary by the chairman of the Board;</p> <p>(V) Jointly proposed by more than half of the independent non-executive directors;</p> <p>(VI) Proposed by the general manager.</p> <p>The chairman shall convene and preside over a board meeting within 10 days after receipt of the resolution.</p>	<p>An extraordinary board meeting may be held, if:</p> <p>(I) Proposed by shareholders representing more than 10% of the voting rights;</p> <p>(II) Jointly proposed by more than one-third of the directors;</p> <p>(III) Proposed by the Supervisory Committee;</p> <p>(IV) Deemed necessary by the chairman of the Board;</p> <p>(V) <del>Jointly proposed by more than half of the independent non-executive directors;</del></p> <p>(VI) <del>Proposed by the general manager.</del></p> <p>The chairman shall convene and preside over a board meeting within 10 days after receipt of the resolution.</p>
<p><b>Article 136</b> Unless otherwise provided herein, board meetings shall be held only if more than half of the directors (including directors attending the meeting on behalf of others pursuant to Article 137 of the Articles of Association) are present.</p> <p>Every director shall have the right to one vote. Unless otherwise provided in the Articles of Association, a resolution of the Board must be passed by the majority of the directors of the Company. If pros and cons are equal, the chairman shall be entitled to an additional vote.</p>	<p><b>Article 145</b> Unless otherwise provided herein, board meetings shall be held only if more than half of the directors (including directors attending the meeting on behalf of others pursuant to Article <del>146</del><sup>37</sup> of the Articles of Association) are present.</p> <p>Every director shall have the right to one vote. Unless otherwise provided in the Articles of Association, a resolution of the Board must be passed by the majority of the directors of the Company. If pros and cons are equal, the chairman shall be entitled to an additional vote.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 143</b> The general manager of the Company shall be accountable to the Board and exercise the following functions and powers:</p> <p>(I) To manage the business operations of the Company and organise to execute the resolutions of the Board;</p> <p>(II) To organise to execute the Company’s annual business plans and investment plans;</p> <p>(III) To prepare the plan for the internal management setup of the Company;</p> <p>(IV) To draft the basic management system of the Company;</p> <p>(V) To formulate the basic rules of the Company;</p> <p>(VI) To propose to appoint or dismiss the vice general manager, chief financial officer and other senior executives of the Company;</p> <p>(VII) To appoint or dismiss executives other than those appointed or dismissed by the Board;</p> <p>(VIII) To exercise other functions and powers conferred in the Articles of Association and by the Board.</p>	<p><b>Article 152</b> The general manager of the Company shall be accountable to the Board and exercise the following functions and powers:</p> <p>(I) To manage the business operations of the Company and organise to execute the resolutions of the Board;</p> <p>(II) To organise to execute the Company’s annual business plans and investment plans;</p> <p>(III) To prepare the plan for the internal management setup of the Company;</p> <p>(IV) To draft the basic management system of the Company;</p> <p>(V) To formulate the basic rules of the Company;</p> <p>(VI) To propose to appoint or dismiss the vice general manager, chief financial officer and other senior executives of the Company;</p> <p>(VII) To appoint or dismiss executives other than those appointed or dismissed by the Board;</p> <p>(VIII) To exercise other functions and powers conferred in the Articles of Association and by the Board.</p> <p><b>Prior to formulating the issues relating to remuneration, welfare, safety production and labor protection, labor insurance, removal (or dismissal) of the Company’s employees and other issues related to the interest of the employees, the general manager shall consult the opinions of the labor union and the employees representatives meeting.</b></p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 163</b> The liability of directors, supervisors, general manager and other senior executives of the Company for breaching a given obligation may be waived by the shareholders' general meeting which has knowledge of the circumstances, save for the circumstances specified in Article 58 of the Articles of Association.</p>	<p><b>Article 172</b> The liability of directors, supervisors, general manager and other senior executives of the Company for breaching a given obligation may be waived by the shareholders' general meeting which has knowledge of the circumstances, save for the circumstances specified in Article <del>60</del>58 of the Articles of Association.</p>
<p><b>Article 169</b> The Company shall not be forced to execute loan guarantee provided in violation of Paragraph 1 of Article 167 except in the following circumstances:</p> <p>(I) The loan provider does not know that it has provided loan to the connected persons of the directors, supervisors, general manager and other senior executives of the Company or its parent company;</p> <p>(II) The guarantee provided by the Company has been sold by the loan provider lawfully to a goodwill buyer.</p>	<p><b>Article 178</b> The Company shall not be forced to execute loan guarantee provided in violation of Paragraph 1 of Article <del>176</del>67 except in the following circumstances:</p> <p>(I) The loan provider does not know that it has provided loan to the connected persons of the directors, supervisors, general manager and other senior executives of the Company or its parent company;</p> <p>(II) The guarantee provided by the Company has been sold by the loan provider lawfully to a goodwill buyer.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 172</b> The Company shall conclude written contracts with every director, supervisor and senior executive, covering at least the following matters:</p> <p>(I) Directors, supervisors or senior executives shall undertake to the Company to observe Company Law, Special Provisions, the Articles of Association, and Code on Takeovers and Mergers and Code on Share Repurchase approved (revised from time to time) by the Securities and Futures Commission of Hong Kong and other provisions of the Hong Kong Stock Exchange, and agree that the Company is entitled to remedial measures under the Articles of Association and that the said contracts and their positions as director, supervisor or senior executive shall not be transferred;</p> <p>(II) Directors, supervisors or senior executives shall undertake to the Company representing respective shareholders to fulfil their due duties for the shareholders as specified in the Articles of Association;</p> <p>(III) Arbitration clauses specified in Article 212 of the Articles of Association.</p>	<p><b>Article 181</b> The Company shall conclude written contracts with every director, supervisor and senior executive, covering at least the following matters:</p> <p>(I) Directors, supervisors or senior executives shall undertake to the Company to observe Company Law, <del>Special Provisions</del>, the Articles of Association, and Code on Takeovers and Mergers and Code on Share Repurchase approved (revised from time to time) by the Securities and Futures Commission of Hong Kong and other provisions of the Hong Kong Stock Exchange, and agree that the Company is entitled to remedial measures under the Articles of Association and that the said contracts and their positions as director, supervisor or senior executive shall not be transferred;</p> <p>(II) Directors, supervisors or senior executives shall undertake to the Company representing respective shareholders to fulfil their due duties for the shareholders as specified in the Articles of Association;</p> <p>(III) Arbitration clauses specified in <del>Article 212</del> <b>Article 221</b> of the Articles of Association.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 174</b> The Company shall specify in the contracts concluded with the directors or supervisors in relation to remunerations that if the Company is acquired, the directors or supervisors of the Company have the right to seek compensations or other monies for losing their positions or for retirement under the conditions approved at the general meeting.</p> <p>The acquisition in the preceding paragraph refers to any of the following circumstances:</p> <p>(I) Tender offer of any person to all the shareholders; or</p> <p>(II) Tender offer of any person to become a controlling shareholder of the Company. The definition of a controlling shareholder is the same as that in Article 59 of the Articles of Association.</p> <p>Any monies received by the relevant directors or supervisors in violation of the provisions herein shall belong to those who sell their shares in response to the aforesaid tender offer, and the said directors or supervisors shall bear the expenses for distributing the said monies in proportion, which shall not be deducted from the said monies.</p>	<p><b>Article 183</b> The Company shall specify in the contracts concluded with the directors or supervisors in relation to remunerations that if the Company is acquired, the directors or supervisors of the Company have the right to seek compensations or other monies for losing their positions or for retirement under the conditions approved at the general meeting.</p> <p>The acquisition in the preceding paragraph refers to any of the following circumstances:</p> <p>(I) Tender offer of any person to all the shareholders; or</p> <p>(II) Tender offer of any person to become a controlling shareholder of the Company. The definition of a controlling shareholder is the same as that in Article <del>61</del>59 of the Articles of Association.</p> <p>Any monies received by the relevant directors or supervisors in violation of the provisions herein shall belong to those who sell their shares in response to the aforesaid tender offer, and the said directors or supervisors shall bear the expenses for distributing the said monies in proportion, which shall not be deducted from the said monies.</p>
<p><b>Article 209</b> If the amendment to the Articles of Association involves any content of Mandatory Provisions, the said amendment shall be subject to approval by the company examination and approval authority authorized by the State Council and the securities regulatory authority under the State Council; if the amendment involves registration of the Company, the involved change shall be registered pursuant to law.</p>	<p><b>Article 218</b> If the amendment to the Articles of Association <del>involves any content of Mandatory Provisions, the said amendment shall be subject to approval by the company examination and approval authority authorized by the State Council and the securities regulatory authority under the State Council;</del> if the amendment involves registration of the Company, the involved change shall be registered pursuant to law.</p>

Existing Terms of Articles of Association	Proposed Amendments to Articles of Association
<p><b>Article 212</b> The Company shall settle disputes following the rules below:</p> <p>(I) In the event of any dispute or claim between the Company and a director, supervisor or senior executive, between a holder of overseas listed foreign shares and the Company, between a holder of overseas listed foreign shares and a director, supervisor or senior executive of the Company, and between a holder of overseas listed foreign shares and a holder of domestic shares arising from rights and obligations specified in the Articles of Association, contracts concluded according to Articles 172 and 173 of the Articles of Association, Company Law and other relevant laws and administrative regulations and relating to the affairs of the Company, the parties concerned shall submit the said dispute or claim for arbitration.</p> <p>The aforesaid dispute or claim submitted for arbitration shall be the entire dispute or claim; all the persons who complain for the same reason or who are required to participate in the settlement of the dispute or claim shall accept the arbitration award if they are the Company or its shareholders, directors, supervisors or senior executives.</p> <p>Disputes relating to definition of shareholders and shareholders' register may be settled by means other than arbitration.</p>	<p><b>Article 221</b> The Company shall settle disputes following the rules below:</p> <p>(I) In the event of any dispute or claim between the Company and a director, supervisor or senior executive, between a holder of overseas listed foreign shares and the Company, between a holder of overseas listed foreign shares and a director, supervisor or senior executive of the Company, and between a holder of overseas listed foreign shares and a holder of domestic shares arising from rights and obligations specified in the Articles of Association, contracts concluded according to Articles <del>172</del> and <del>173</del> of the Articles of Association, Company Law and other relevant laws and administrative regulations and relating to the affairs of the Company, the parties concerned shall submit the said dispute or claim for arbitration.</p> <p>The aforesaid dispute or claim submitted for arbitration shall be the entire dispute or claim; all the persons who complain for the same reason or who are required to participate in the settlement of the dispute or claim shall accept the arbitration award if they are the Company or its shareholders, directors, supervisors or senior executives.</p> <p>Disputes relating to definition of shareholders and shareholders' register may be settled by means other than arbitration.</p>

<b>Existing Terms of Articles of Association</b>	<b>Proposed Amendments to Articles of Association</b>
<p>(II) The applicant for arbitration may select China International Economic and Trade Arbitration Commission for arbitration following the arbitration rules thereof or select Hong Kong International Arbitration Centre for arbitration following the securities arbitration rules thereof. After the applicant for arbitration submits the dispute or claim for arbitration, the other party shall accept arbitration at the arbitral body selected by the applicant.</p> <p>If the applicant for arbitration selects Hong Kong International Arbitration Centre for arbitration, either party may request that the arbitration be conducted in Shenzhen following the securities arbitration rules of Hong Kong International Arbitration Centre.</p> <p>(III) Settlement of disputes or claims set out in (I) by way of arbitration shall be governed by PRC laws save as otherwise specified by laws and administrative regulations.</p> <p>(IV) The arbitration award made by the arbitral body shall be final and binding on both parties.</p> <p>(V) The said arbitration agreement is reached between the directors or senior executives and the Company, with the Company representing both itself and its shareholders.</p> <p>(VI) Any arbitration submitted shall be deemed as authorizing the arbitration tribunal to conduct public hearing and announce the arbitration award.</p>	<p>(II) The applicant for arbitration may select China International Economic and Trade Arbitration Commission for arbitration following the arbitration rules thereof or select Hong Kong International Arbitration Centre for arbitration following the securities arbitration rules thereof. After the applicant for arbitration submits the dispute or claim for arbitration, the other party shall accept arbitration at the arbitral body selected by the applicant.</p> <p>If the applicant for arbitration selects Hong Kong International Arbitration Centre for arbitration, either party may request that the arbitration be conducted in Shenzhen following the securities arbitration rules of Hong Kong International Arbitration Centre.</p> <p>(III) Settlement of disputes or claims set out in (I) by way of arbitration shall be governed by PRC laws save as otherwise specified by laws and administrative regulations.</p> <p>(IV) The arbitration award made by the arbitral body shall be final and binding on both parties.</p> <p>(V) The said arbitration agreement is reached between the directors or senior executives and the Company, with the Company representing both itself and its shareholders.</p> <p>(VI) Any arbitration submitted shall be deemed as authorizing the arbitration tribunal to conduct public hearing and announce the arbitration award.</p>

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 general meeting of the Company, and it is proposed at the general meeting of the Company 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 general meeting of the Company, 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.**  
**QIU Zhe**  
*Secretary of the Board and Joint Company Secretary*

Shanghai, the PRC  
26 July 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.*