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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)

**PROPOSED PROVISION OF GUARANTEES FOR
THE FINANCING PROVIDED BY THE FINANCIAL INSTITUTIONS
TO THE SUBSIDIARIES OF THE COMPANY
AND
NOTICE OF THE 2024 SECOND EXTRAORDINARY
GENERAL MEETING**

A letter from the Board is set out on pages 5 to 7 of this circular. A notice of the EGM of the Company to be held at 2:00 p.m. on Monday, 4 November 2024 at Conference Center, 3/F, South Building, Block B, Red Star Macalline Headquarter, Lane 1466, Shenchang Road, Minhang District, Shanghai, the PRC, will be published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.chinaredstar.com) 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, 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, Wan Chai, Hong Kong 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.

15 October 2024

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DEFINITIONS

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

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| “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 as amended, modified or otherwise supplemented from time to time |
| “Board” | the board of directors of the Company |
| “China Merchants Bank Shanghai Branch” | China Merchants Bank Co., Ltd., Shanghai Branch (招商銀行股份有限公司上海分行), one of the branches of China Merchants Bank Co., Ltd. (a company listed on the Shanghai Stock Exchange (stock code: 600036) and on the Stock Exchange (stock code: 3968)), an independent third party of the Company |
| “China Merchants Bank Tianjin Branch” | China Merchants Bank Co., Ltd., Tianjin Branch (招商銀行股份有限公司天津分行), one of the branches of China Merchants Bank Co., Ltd. (a company listed on the Shanghai Stock Exchange (stock code: 600036) and on the Stock Exchange (stock code: 3968)), an independent third party 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 (stock code: 1528) |
| “Director(s)” | the director(s) of the Company |
| “EGM” | the 2024 second extraordinary general meeting to be convened and held on Monday, 4 November 2024 |
| “Facility I” | a loan amount of RMB550 million provided by China Merchants Bank Shanghai Branch under the Master Contract I |

DEFINITIONS

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| “Facility II” | a loan amount of RMB1,000 million provided by China Merchants Bank Tianjin Branch under the Master Contract II |
| “Group” | the Company and its subsidiaries |
| “H Share(s)” | the overseas listed foreign ordinary share(s) with a nominal value of RMB1.0 each in the share capital of the Company, listed on the Stock Exchange 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 |
| “independent third party(ies)” | has the meaning ascribed to this term under the Listing Rules |
| “Latest Practicable Date” | 9 October 2024, being the latest practicable date for the purpose of ascertaining certain information contained herein |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “Master Contract I” | the Loan Contract (Applicable to Mortgage Loan for Operating Properties) with a loan amount of RMB550 million entered into between Xinglong Home Furnish and China Merchants Bank Shanghai Branch in December 2020 |
| “Master Contract II” | the Loan Contract (Applicable to Mortgage Loan for Operating Properties) with a loan amount of RMB1,000 million entered into between Tianjin Red Star and China Merchants Bank Tianjin Branch in October 2020 |
| “Mr. CHE” or “Mr. CHE Jianxing” | Mr. CHE Jianxing, an executive Director and the chief executive officer of the Company, who was formerly a de facto controller of the Company and currently controls approximately 23.51% of the total issued Shares of the Company as at the Latest Practicable Date |

DEFINITIONS

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| “PRC” | the People’s Republic of China, but for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “RSM Holding” | Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (formerly known as Shanghai Red Star Macalline Investment Company Limited (上海紅星美凱龍投資有限公司)), a limited liability company established in the PRC, which was formerly a controlling shareholder of the Company and is currently the substantial shareholder of the Company holding approximately 23.50% of the total issued Shares of the Company as at the Latest Practicable Date |
| “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 |
| “Shanghai Stock Exchange” | the Shanghai Stock Exchange |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiary(ies)” | has the meaning ascribed to this term under the Listing Rules |
| “substantial shareholder(s)” | has the meaning ascribed to this term under the Listing Rules |
| “Tianjin Red Star” | Tianjin Red Star Macalline International Home Furnishing Expo Company Limited (天津紅星美凱龍國際家居博覽有限公司), a limited company established in the PRC and a non-wholly owned subsidiary of the Company, which is directly owned as to approximately 65% by the Company and as to 35% by Tianjin Quanyechang Department Store (Group) Co., Ltd. (天津勸業場百貨(集團)有限公司). Tianjin Quanyechang Department Store (Group) Co., Ltd. (天津勸業場百貨(集團)有限公司) and its ultimate beneficial owners, namely State-owned Assets Supervision and Administration Commission of Tianjin Municipal People’s Government (天津市人民政府國有資產監督管理委員會) and Tianjin Municipal Finance Bureau (天津市財政局) are independent third parties of the Company |

DEFINITIONS

“Xinglong Home Furnish” Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司), a limited company established in the PRC, and a wholly-owned subsidiary of the Company

“%” 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. SHI Yaofeng
Mr. LI Jianhong
Mr. YANG Yingwu

Registered office in the PRC:

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

Non-executive Directors:

Mr. ZHENG Yongda (*Chairman*)
Mr. WANG Wenhui
Mr. ZOU Shaorong
Mr. SONG Guangbin
Ms. XU Di

Principal place of business in Hong Kong:

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

Independent non-executive Directors:

Mr. XUE Wei
Mr. HUANG Jianzhong
Mr. CHEN Shanang
Mr. WONG Chi Wai
Mr. CAI Qinghui

15 October 2024

To the Shareholders

Dear Sir or Madam,

**PROPOSED PROVISION OF GUARANTEES FOR
THE FINANCING PROVIDED BY THE FINANCIAL INSTITUTIONS
TO THE SUBSIDIARIES OF THE COMPANY
AND
NOTICE OF THE 2024 SECOND EXTRAORDINARY
GENERAL MEETING**

I. INTRODUCTION

Reference is made to the overseas regulatory announcement of the Company dated 27 September 2024 in relation to the proposed provision of guarantees for the financing provided by the financial institutions to the subsidiaries of the Company. The Board has approved, among other things, the resolutions on provision of guarantees for the financing provided by

LETTER FROM THE BOARD

the financial institutions to the subsidiaries of the Company. Such resolutions are subject to the approval of the Shareholders at the EGM by way of ordinary resolutions. Please refer to Appendix A and Appendix B for details of such resolutions.

The purpose of this circular is to provide you with, among other things, the notice of the EGM and the information of the certain resolutions to be proposed for consideration at the EGM, in order to enable you to make informed decision on whether to vote for or against such resolutions at the EGM.

II. THE 2024 SECOND EXTRAORDINARY GENERAL MEETING

The notice of the EGM to be held at 2:00 p.m. on Monday, 4 November 2024 at Conference Center, 3/F, South Building, Block B, Red Star Macalline Headquarter, Lane 1466, Shenchang Road, Minhang District, Shanghai, the PRC, is set out on pages 16 to 17 of this circular.

The proxy form for the EGM is also enclosed herein and published on the websites of the Stock Exchange (www.hkexnews.com.hk) and the Company (www.chinaredstar.com). 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, Wan Chai, Hong Kong, 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 Wednesday, 30 October 2024 to Monday, 4 November 2024 (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 Wednesday, 30 October 2024 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, Wan Chai, Hong Kong, no later than 4:30 p.m. on Tuesday, 29 October 2024.

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.

LETTER FROM THE BOARD

III. RECOMMENDATION

The Directors consider that all resolutions as set out in the notice of the EGM for the Shareholders to consider and approve are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all resolutions 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

**APPENDIX A RESOLUTION ON PROVISION OF A GUARANTEE FOR THE FINANCING
PROVIDED BY THE FINANCIAL INSTITUTION TO XINGLONG HOME
FURNISH, A SUBSIDIARY OF THE COMPANY**

**RESOLUTION ON PROVISION OF A GUARANTEE FOR THE FINANCING
PROVIDED BY THE FINANCIAL INSTITUTION TO XINGLONG HOME FURNISH,
A SUBSIDIARY OF THE COMPANY**

I. Overview of the Guarantee

In order to fulfill the daily operation requirements, Xinglong Home Furnish, a wholly-owned subsidiary of the Company, has entered into Master Contract I with China Merchants Bank Shanghai Branch in December 2020, pursuant to which, Xinglong Home Furnish has provided the Shanghai Pujiang Red Star Macalline Furnishing Shopping Mall (Real Estate Title Certificate No.: Hu Fang Di Min Zi (2015) No. 069248 (房地產權證編號:滬房地閔字(2015)第069248號) located at Room 188, Building 1, No. 1969 Puxing Highway and Room 1, Parking Space (civil defense area), Basement 1, No. 2, Lane 1818, Lianhang Road, Minhang District, Shanghai (上海市閔行區浦星公路1969號1幢188室、聯航路1818弄2號地下1層車位(人防)1室) with a total of 860 parking spaces as the mortgaged collateral for the Facility I, with the accounts receivable arising from the above properties in the course of the operating lease as a pledge of the Facility I.

Due to the adjustment of the financing plan, the Company intends to provide a joint liability guarantee (the “**Guarantee I**”) for the above financing.

The Board hereby proposes to the EGM to authorize, within the scope of this resolution, the Board’s authorization to the management of the Company to handle specific matters relating to the adjustment of the Guarantee I based on market conditions, including but not limited to entering into relevant contracts, agreements and other legal documents, and adjusting the period, amount and other conditions of the Guarantee I.

II. Basic Information on the Guaranteed Party

1. Name of company: Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司)
2. Unified social credit code: 91310112342414051B
3. Legal representative: Zhao Lei (趙磊)
4. Registered address: D8006, 4/F, Room 188, Building 1, No. 1969 Puxing Highway, Minhang District, Shanghai
5. Registered capital: RMB39 million

**APPENDIX A RESOLUTION ON PROVISION OF A GUARANTEE FOR THE FINANCING
PROVIDED BY THE FINANCIAL INSTITUTION TO XINGLONG HOME
FURNISH, A SUBSIDIARY OF THE COMPANY**

6. Scope of business: Sales of household goods, furniture, building materials, chemical raw materials and products (except hazardous chemicals, controlled chemicals, fireworks and firecrackers, civil explosives and precursor chemicals), decorative materials, metal materials, hardware and electrical appliances, daily necessities, knitwear and textiles, property services. (For items subject to approval in accordance with the law, business activities can only be carried out after approval by the relevant departments)

The following sets forth the relevant financial data of Xinglong Home Furnish:

According to the audit report issued by Suzhou Branch of RSM China (容誠會計師事務所(特殊普通合夥)蘇州分所), as of 31 December 2023, Xinglong Home Furnish had total assets of RMB546,297,030.68, total liabilities of RMB701,792,326.42, net assets of RMB-155,495,295.74, and the gearing ratio of 128.46%. In 2023, Xinglong Home Furnish recorded revenue of RMB80,529,171.16 and net profit of RMB-2,079,449.94 (losses are presented with “-”).

According to the latest financial statements (unaudited) of Xinglong Home Furnish, as of 31 August 2024, Xinglong Home Furnish had total assets of RMB537,765,030.82, total liabilities of RMB711,194,840.60, net assets of RMB-173,429,809.78, and the gearing ratio of 132.25%. From January to August 2024, Xinglong Home Furnish recorded revenue of RMB45,506,718.36 and net profit of RMB-17,494,831.17 (losses are presented with “-”).

Xinglong Home Furnish is a wholly-owned subsidiary of the Company and the Company directly holds 100% of the shares of Xinglong Home Furnish. Xinglong Home Furnish is neither a dishonest person subject to enforcement nor a related party of the listed company as defined in the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (《上海證券交易所股票上市規則》).

III. Principal Terms of the Guarantee Contract

Guarantor: Red Star Macalline Group Corporation Ltd.;

Creditor: China Merchants Bank Co., Ltd., Shanghai Branch;

Debtor: Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司);

Principal amount of Guarantee: RMB550 million;

Method of Guarantee: Joint liability guarantee;

Scope of Guarantee I: All debts of the debtor under the Master Contract I, including the principal amount of loans and negotiated payment made by the creditor to the debtor under the Master Contract I, together with corresponding interest, default interest, compound interest, liquidated damages and deferred payment thereof; the principal balance of advances made by the creditor to the debtor for the fulfillment of payment obligations under commercial bills accepted of or letters of credit issued under the Master Contract I, together with interest, default interest, compound interest, liquidated damages and deferred payment thereof; the principal amount of all bill of exchange discounted by the creditor under the Master Contract I, together with corresponding interest, default interest, compound interest, liquidated damages and deferred payment thereof; the expenses incurred by the creditor for fulfilling the guarantee right and the claim (including, but not limited to, litigation expenses, attorney's fees, bulletin fees, service fees, travel expenses and fees for applying for the issuance of the certificate of enforcement) and all other relevant expenses.

Term of Guarantee I: An additional three years commence on the effective date of this guarantee until the date on which the loan or other debt is due or the date of the advance. If the loan or other debt is extended, the guarantee period shall be extended to an additional three years after the expiration of the extension period.

IV. Necessity and Reasonableness of the Guarantee I

The Guarantee I is to fulfill the daily operation requirements and is in line with the Company's actual needs of production and operation. Xinglong Home Furnish is a wholly-owned subsidiary of the Company and is operating under normal condition. Although the gearing ratio in the latest period is higher than 70%, Xinglong Home Furnish has a sound credit status. As the Company is able to effectively control the risks and decision-making in its daily operations so as to control its credit status in a timely manner, the risks of the Guarantee I are controllable and the Guarantee I will not have an adverse impact on the production and operation of the Company. The Facility I is mainly to fulfill the daily operation requirements of Xinglong Home Furnish and is conducive to its stable operation and long-term development. The Board believes that Xinglong Home Furnish is capable to repay debts and the risks of the Guarantee I are generally controllable.

V. Impact of the Guarantee I on the Company

Xinglong Home Furnish is seeking for financing from the China Merchants Bank Shanghai Branch based on its own business development requirements. Due to the adjustment of the financing plan, the Company will provide a joint liability guarantee for Xinglong Home Furnish in relation to its repayment obligations to the China Merchants Bank Shanghai Branch, which is conducive to the sustainable development of the Company and its subsidiaries, further enhances their economic benefits, and is in line with the interests of the Company and shareholders as a whole.

VI. Cumulative External Guarantees of the Company

Currently, the cumulative total amount of guarantees provided by the Company and its controlling subsidiaries (approved) are RMB13,628.61 million (of which the guarantees provided by the Company to its controlling subsidiaries and between controlling subsidiaries are RMB13,628.61 million), and the total amount of guarantees provided by the Company to its controlling subsidiaries are RMB10,485.44 million, accounting for 27.47% and 21.13% of the Company's audited net assets attributable to the parent company as at 31 December 2023, respectively. The Company and its controlling subsidiaries have no overdue guarantees.

Since the gearing ratio of Xinglong Home Furnish as of 31 August 2024 exceeded 70%, the above resolution is subject to the consideration at the EGM according to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (《上海證券交易所股票上市規則》).

The transaction as disclosed in appendix A is disclosed and submitted to the EGM for consideration due to relevant A share rules only and does not constitute an advance to an entity, a discloseable transaction or a connected transaction which is subject to announcement or Shareholders' approval requirement under Chapter 13, Chapter 14 and Chapter 14A of the Listing Rules. The counterparties to the transaction as disclosed in the appendix A are not connected persons of the Company under the Listing Rules.

RESOLUTION ON PROVISION OF A GUARANTEE FOR THE FINANCING PROVIDED BY THE FINANCIAL INSTITUTION TO TIANJIN RED STAR, A SUBSIDIARY OF THE COMPANY**I. Overview of the Guarantee**

In order to fulfill the daily operation requirements, Tianjin Red Star, a controlling subsidiary of the Company, has entered into the Master Contract II with China Merchants Bank Tianjin Branch in October 2020, pursuant to which, Tianjin Red Star has provided the properties held by it, including the Tianjin Hedong Home Furnishing Shopping Mall (Real Estate Title Certificate No.: Fang Di Zheng Jin Zi No. 102021323064 (房地產權證編號:房地證津字第102021323064號)), located at No. 164 Jinbin Avenue, Hedong District, Tianjin (天津市河東區津濱大道164號), Basement Unit 101, Xingpin Building 1, No. 51, Linke East Road, Hedong District, Tianjin (天津市河東區琳科東路51號星品大廈1-負101) (Real Estate Title Certificate No.: Fang Di Zheng Jin Zi No. 102021323056 (房地產權證編號:房地證津字第102021323056號)) and Basement Unit 201, Xingpin Building 1, No. 51, Linke East Road, Hedong District, Tianjin (天津市河東區琳科東路51號星品大廈1-負201) (Real Estate Title Certificate No.: Fang Di Zheng Jin Zi No. 102021323067 (房地產權證編號:房地證津字第102021323067號)) as the mortgaged collateral for the Facility II, with the accounts receivable arising from the above properties in the course of the operating lease as a pledge of the Facility II.

Due to the adjustment of the financing plan, the Company intends to provide a joint liability guarantee (the “**Guarantee II**”) for the above financing.

As Tianjin Red Star has pledged its own real estate as collateral and the Company intends to provide a joint liability guarantee for the Facility II, no other shareholders of Tianjin Red Star have provided guarantee on a pro-rata basis.

The Board hereby proposes to the EGM to authorize, within the scope of this resolution, the Board’s authorization to the management of the Company to handle specific matters relating to the adjustment of the Guarantee II based on market conditions, including but not limited to entering into relevant contracts, agreements and other legal documents, and adjusting the period, amount and other conditions of the Guarantee II.

II. Basic Information on the Guaranteed Party

1. Name of company: Tianjin Red Star Macalline International Home Furnishing Expo Company Limited (天津紅星美凱龍國際家居博覽有限公司)
2. Unified social credit code: 91120102073133381H
3. Legal representative: Wang Yegong (王業功)
4. Registered address: No. 164 Jinbin Avenue, Hedong District, Tianjin
5. Registered capital: RMB314,285,714.29
6. Scope of business: General Items: Integrated commercial complex management services; furniture sales; building materials sales; household appliance sales; building decoration materials sales; flooring sales; door and window sales; lighting fixture sales; metal materials sales; machinery parts and components sales; wholesale of hardware products; retail of hardware products; sales of chemical products (excluding licensed chemical products); sales of daily necessities; retail of kitchen and bathroom utensils and sundries; wholesale of computer hardware and software and auxiliary equipment; retail of computer hardware and software and auxiliary equipment; sales of office equipment; counter and booth rental; property management; parking services; car sales; used car brokerage. (Except for items that require approval according to law, business activities are independently conducted in accordance with the business license). Licensed Items: Catering services. (For items subject to approval in accordance with the law, business activities can be carried out only after approval by the relevant department. The specific business activities are subject to the approval documents or permits issued by the relevant department).

The following sets forth the relevant financial data of Tianjin Red Star:

According to the audit report issued by Suzhou Branch of RSM China (容誠會計師事務所(特殊普通合夥)蘇州分所), as of 31 December 2023, Tianjin Red Star had total assets of RMB999,715,360.53, total liabilities of RMB1,518,875,549.93, net assets of RMB-519,160,189.40, and the gearing ratio of 151.93%. In 2023, Tianjin Red Star recorded revenue of RMB121,096,254.64 and net profit of RMB-62,126,092.91 (losses are presented with “-”).

According to the latest financial statements (unaudited) of Tianjin Red Star, as of 31 August 2024, Tianjin Red Star had total assets of RMB976,264,629.19, total liabilities of RMB1,534,113,558.07, net assets of RMB-557,848,928.88, and the gearing ratio of 157.14%. From January to August 2024, Tianjin Red Star recorded revenue of RMB75,871,933.44 and net profit of RMB-39,132,481.84 (losses are presented with “-”).

Tianjin Red Star is a controlling subsidiary of the Company and the Company directly holds approximately 65% of the shares of Tianjin Red Star. Tianjin Red Star is neither a dishonest person subject to enforcement nor a related party of the listed company as defined in the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (《上海證券交易所股票上市規則》).

III. Principal Terms of the Guarantee Contract

Guarantor: Red Star Macalline Group Corporation Ltd.;

Creditor: China Merchants Bank Co., Ltd., Tianjin Branch;

Debtor: Tianjin Red Star Macalline International Home Furnishing Expo Company Limited (天津紅星美凱龍國際家居博覽有限公司);

Principal amount of Guarantee II: RMB750 million;

Method of Guarantee II: Joint liability guarantee;

Scope of Guarantee II: All debts of the debtor under the Master Contract II, including the principal amount of loans and negotiated payment made by the creditor to the debtor under the Master Contract II, together with corresponding interest, default interest, compound interest, liquidated damages and deferred payment thereof; the principal balance of advances made by the creditor to the debtor for the fulfillment of payment obligations under commercial bills accepted of or letters of credit issued under the Master Contract II, together with interest, default interest, compound interest, liquidated damages and deferred payment thereof; the principal amount of all bill of exchange discounted by the creditor under the Master Contract II, together with corresponding interest, default interest, compound interest, liquidated damages and deferred payment thereof; the expenses incurred by the creditor for fulfilling the guarantee right and the claim (including, but not limited to, litigation expenses, attorney's fees, bulletin fees, service fees, travel expenses and fees for applying for the issuance of the certificate of enforcement) and all other relevant expenses.

Term of Guarantee II: An additional three years commence on the effective date of this guarantee until the date on which the loan or other debt is due or the date of the advance. If the loan or other debt is extended, the guarantee period shall be extended to an additional three years after the expiration of the extension period.

IV. Necessity and Reasonableness of the Guarantee II

The Guarantee II is to fulfill the daily operation requirements and is in line with the Company's actual needs of production and operation. Tianjin Red Star is a controlling subsidiary of the Company and is operating under normal condition. Although the gearing ratio in the latest period is higher than 70%, Tianjin Red Star has a sound credit status. As the Company is able to effectively control the risks and decision-making in its daily operations so as to control its credit status in a timely manner, the risks of the Guarantee II are controllable and the Guarantee II will not have an adverse impact on the production and operation of the Company. The Facility II is mainly to fulfill the daily operation requirements of Tianjin Red Star and is conducive to its stable operation and long-term development. The Board believes that Tianjin Red Star is capable to repay debts and the risks of the Guarantee II are generally controllable. As Tianjin Red Star has pledged its own real estate as collateral and the Company intends to provide a joint liability guarantee for the Facility II, no other shareholders of Tianjin Red Star have provided guarantee on a pro-rata basis.

V. Impact of the Guarantee II on the Company

Tianjin Red Star is seeking for financing from the China Merchants Bank Tianjin Branch based on its own business development requirements. Due to the adjustment of the financing plan, the Company will provide a joint liability guarantee for Tianjin Red Star in relation to its repayment obligations to the China Merchants Bank Tianjin Branch, which is conducive to the sustainable development of the Company and its subsidiaries, further enhances their economic benefits, and is in line with the interests of the Company and shareholders as a whole.

VI. Cumulative External Guarantees of the Company

Currently, the cumulative total amount of guarantees provided by the Company and its controlling subsidiaries (approved) are RMB13,628.61 million (of which the guarantees provided by the Company to its controlling subsidiaries and between controlling subsidiaries are RMB13,628.61 million), and the total amount of guarantees provided by the Company to its controlling subsidiaries are RMB10,485.44 million, accounting for 27.47% and 21.13% of the Company's audited net assets attributable to the parent company as at 31 December 2023, respectively. The Company and its controlling subsidiaries have no overdue guarantees.

Since the gearing ratio of Tianjin Red Star as of 31 August 2024 exceeded 70%, the above resolution is subject to the consideration at the EGM according to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (《上海證券交易所股票上市規則》).

The transaction as disclosed in appendix B is disclosed and submitted to the EGM for consideration due to relevant A share rules only and does not constitute an advance to an entity, a discloseable transaction or a connected transaction which is subject to announcement or Shareholders' approval requirement under Chapter 13, Chapter 14 and Chapter 14A of the Listing Rules. The counterparties to the transaction as disclosed in the appendix B are not connected persons of the Company under the Listing Rules.

NOTICE OF THE 2024 SECOND 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 2024 SECOND EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2024 second extraordinary general meeting (the “EGM”) of Red Star Macalline Group Corporation Ltd. (the “Company”) will be held at 2:00 p.m. on Monday, 4 November 2024 at Conference Center, 3/F, South Building, Block B, Red Star Macalline Headquarter, Lane 1466, Shenchang Road, Minhang District, Shanghai, the PRC for the purpose of considering, and if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

1. To consider and approve the resolution on the provision of a guarantee for the financing provided by the financial institution to Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司), a subsidiary of the Company
2. To consider and approve the resolution on the provision of a guarantee for the financing provided by the financial institution to Tianjin Red Star Macalline International Home Furnishing Expo Company Limited (天津紅星美凱龍國際家居博覽有限公司), a subsidiary of 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

15 October 2024

NOTICE OF THE 2024 SECOND 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 15 October 2024 (the “**Circular**”). Details of the resolutions are set forth in the Circular.
2. For the purpose of holding the EGM, the register of members of H shares of the Company will be closed from Wednesday, 30 October 2024 to Monday, 4 November 2024 (both days inclusive), during which period no transfer of H shares will 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, Wan Chai, Hong Kong, no later than 4:30 p.m. on Tuesday, 29 October 2024 for registration.

The shareholders whose names appear on the register of members of the Company on Wednesday, 30 October 2024 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 behalf. 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, Wan Chai, 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 identity 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.