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**Red Star Macalline Group Corporation Ltd.**

**紅星美凱龍家居集團股份有限公司**

*(A sino-foreign joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 1528)**

**ANNOUNCEMENT ON THE ESTIMATED PROVISIONS OF  
FINANCIAL ASSISTANCE BY THE COMPANY,  
CANCELLATION OF REPURCHASED A SHARES AND REDUCTION  
OF REGISTERED CAPITAL, AND PROPOSED AMENDMENTS  
TO THE ARTICLES OF ASSOCIATION**

**ESTIMATED PROVISIONS OF FINANCIAL ASSISTANCE**

The board (the “**Board**”) of directors (the “**Director(s)**”) of Red Star Macalline Group Corporation Ltd. (the “**Company**”) is pleased to announce that, in order to support the operations of the managed shopping malls (the “**Managed Shopping Mall**”) of the Company, the Company and its controlling subsidiaries (branches) intend to provide financial assistance to the partners of Managed Shopping Malls. Without affecting the normal production and operation activities of the Company, the cap of new financial assistance to be provided in the year of 2026 by the Company and its controlling subsidiaries (branches) will not exceed RMB10.00 million in total.

According to the Guidelines No. 1 for the Self-regulation of Companies Listed on the Shanghai Stock Exchange – Standardized Operation, and considering that the estimated targets of the financial assistance are the partners of Managed Shopping Malls whose specific identities cannot be determined at present, there may be cases where the gearing ratio in the latest financial statements exceeds 70%. Out of prudence, this matter is subject to consideration at the extraordinary general meeting of the Company (the “**EGM**”). The details are announced as follows:



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

The validity period of the cap for the estimated new financial assistance shall be within the year 2026 upon the consideration and approval at the EGM.

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

## **II. Basic Information on the Targets of Assistance (Partners of Managed Shopping Malls)**

There are a large number of partners of Managed Shopping Malls, and it is not possible to predict the specific targets and amounts. The Company expects that the cap of new financial assistance to be provided will not exceed RMB10.00 million in total. As of 30 November 2025, the balance of the financial assistance provided by the Company and its controlling subsidiaries (branches) to all partners of Managed Shopping Malls was RMB92.4394 million, and the Company will not provide additional financial assistance for partners of Managed Shopping Malls who fail to repay the financial assistance due on time.

## **III. Risk and Control Measures**

The repayment ability of the targets of this financial assistance will mainly depend on the operating income of the Managed Shopping Malls, etc. The Company will pay close attention to the operation of the Managed Shopping Malls and evaluate the risk changes.

Meanwhile, the Company has formulated the Management System for Financial Assistance Provided by Red Star Macalline Group Corporation Ltd., improved the internal control of provision of financial assistance, and defined the approval authority, approval procedures, responsible departments and their duties, and other matters of provision of financial assistance.

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

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

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

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

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

#### **IV. Impact on the Company**

This estimated provisions of new financial assistance are mainly targeted at partners of Managed Shopping Malls. Such assistance will meet the capital requirements of the Company and/or corresponding shopping mall projects, deepen the business cooperation relationship between the Company and relevant parties, support the business operation and expansion of the Company, and is in line with the Company's main business and strategic development direction. The relevant financial assistance will be implemented subject to the satisfaction of the Company's demand for daily floating capital. It will not affect the normal daily capital turnover of the Company or jeopardize the interests of the Company or its shareholders (the "**Shareholder(s)**"), especially minority Shareholders.

Considering that the estimated targets of the financial assistance are the partners of Managed Shopping Malls whose specific identities cannot be determined at present, there may be cases where the gearing ratio in the latest financial statements exceeds 70%. Out of prudence, the matter shall be submitted to the EGM for consideration.

The transaction as disclosed in this announcement is disclosed and submitted to the EGM for consideration solely in accordance with the relevant A share rules. It does not constitute a loan 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). None of the counterparties to the transaction as disclosed in this announcement are connected persons of the Company under the Listing Rules.

## **CANCELLATION OF REPURCHASED A SHARES AND REDUCTION OF REGISTERED CAPITAL**

The Company held the fiftieth extraordinary meeting of the fifth session of the Board on 19 December 2025, at which the Proposal on Cancellation of Repurchased A Shares and Reduction of Registered Capital was considered and approved. The Company plans to cancel 1,044,800 A shares held in the special securities account for repurchasing the Company's shares (the "**Share(s)**") and accordingly reduces the registered capital of the Company, particulars of which are announced as follows:

### **I. Overview of the A Shares Repurchase**

On 24 April 2022, the forty-third extraordinary meeting of the fourth session of the Board considered and approved the Proposal on Review of Repurchase of the Company's Shares, agreeing that the Company should use self-owned or self-raised funds of not less than RMB150 million and not more than RMB300 million (both inclusive) to repurchase A Shares at a repurchase price of not more than RMB11.04 per share (the "**Repurchase**"). According to the repurchase plan, the A Shares repurchased were intended to be fully used for the employee stock ownership plan or share incentive plan of the Company. The repurchase period was not more than 12 months from the date on which the repurchase plan was considered and approved by the Board. For details, please refer to the A Share Repurchase Plan and the Repurchase Report of Red Star Macalline Group Corporation Ltd. on Repurchase of A Shares of the Company by Means of Centralized Bidding disclosed by the Company on the HKEXnews website of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") ([www.hkexnews.hk](http://www.hkexnews.hk)) on 24 April 2022 and 20 May 2022, respectively.

As of 22 April 2023, by means of centralized bidding, the Company repurchased a total of 1,044,800 A Shares, and the repurchased A Shares account for 0.0240% of the Company's total share capital, and the total amount paid is RMB5,003,480.17 (excluding transaction costs). For details, please refer to the Announcement on Initial Repurchase of the Company's Shares by Means of Centralized Bidding and Progress in Share Repurchase disclosed by the Company on 31 July 2022, the Announcements on Progress in Share Repurchase by Means of Centralized Bidding disclosed by the Company on 1 September 2022, 10 October 2022, 1 November 2022, 2 December 2022, 4 January 2023, 1 February 2023, 3 March 2023 and 4 April 2023, respectively, the Indicative Announcement on Imminent Expiry of the A Share Repurchase Plan and Proposed Special Dividends to All Shareholders disclosed by the Company on 18 April 2023, and the Indicative Announcement on the A Share Repurchase Results and Proposed Special Dividends to All Shareholders disclosed by the Company on 21 April 2023.

## II. Reasons for the Cancellation of Repurchased A Shares

In accordance with relevant laws and regulations, including the Company Law, the Rules on Share Repurchases by Listed Companies, and the Self-Regulatory Guidelines for Listed Companies on Shanghai Stock Exchange No. 7 – Share Repurchases, the treasury Shares held in a special securities account for repurchased shares shall be transferred for purposes as disclosed in accordance with the law within three years. If the treasury Shares are not transferred for the disclosed purposes, they shall be cancelled before the expiry of such period.

The aforementioned repurchased A Shares have not been utilised for any employee stock ownership plan or share incentive plan during their validity period and the three-year period is approaching expiry. In order to actively reward investors and enhance investor confidence, the Company intends to cancel the 1,044,800 A Shares held in the special securities account for repurchased shares (the “**Cancellation**”) and accordingly reduces the registered capital of the Company.

## III. Change in the Share Capital of the Company after the Cancellation of Repurchased A Shares

After completion of the Cancellation, the total share capital of the Company will be reduced from 4,354,732,673 Shares to 4,353,687,873 Shares, and the registered capital of the Company will be reduced from RMB4,354,732,673 to RMB4,353,687,873. The expected changes of the share capital structure of the Company are as follows:

Type of Shares	Before Cancellation of Repurchased Shares		Number of Shares Proposed to be Cancelled (Shares)	After Cancellation of Repurchased Shares	
	Number of Shares (Shares)	Percentage		Number of Shares (Shares)	Percentage
Shares subject to selling restrictions	0	0%	0	0	0%
Shares not subject to selling restrictions	4,354,732,673	100%	1,044,800	4,353,687,873	100%
of which: A Shares	3,613,447,039	82.98%	1,044,800	3,612,402,239	82.97%
H Shares	741,285,634	17.02%	0	741,285,634	17.03%
<b>Total number of shares</b>	<b>4,354,732,673</b>	<b>100%</b>	<b>1,044,800</b>	<b>4,353,687,873</b>	<b>100%</b>

*Note: The above share capital structure reflects the share capital of the Company as of the date of this announcement. The actual change in the share capital structure shall be subject to the share capital structure statement issued by the Shanghai Branch of China Securities Depository and Clearing Corporation Limited after completion of the Cancellation.*

#### **IV. Impact of the Cancellation of Repurchased A Shares on the Company**

The Cancellation of repurchased A Shares and reduction of registered capital is a decision made in consideration of the actual circumstances of the Company. It will not lead to any change in the controlling Shareholder or de facto controller of the Company or affect the Company's going concern capability. The equity distribution of the Company will remain eligible for listing requirements, and will not affect the listing status of the Company.

#### **V. Procedures for the Implementation of the Matter**

The Company convened the fiftieth extraordinary meeting of the fifth session of the Board on 19 December 2025, at which the Proposal on Cancellation of Repurchased A Shares and Reduction of Registered Capital was considered and approved. This matter is still subject to approval at the EGM. Furthermore, the Board will seek authorization from the general meeting for the Company's management to apply to the Shanghai Branch of China Securities Depository and Clearing Corporation Limited for the cancellation of the repurchased A Shares, and to handle subsequent matters such as industrial and commercial registration changes/filing.

#### **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

The Company held the fiftieth extraordinary meeting of the fifth session of the Board on 19 December 2025, at which the Proposal on the Amendments to the Articles of Association of Red Star Macalline Group Corporation Ltd. was considered and approved. It was agreed to amend the relevant provisions in the Articles of Association of Red Star Macalline Group Corporation Ltd. (the "**Articles of Association**"). The details are as follows:

In view of the Company's proposed cancellation of repurchased A Shares, which will result in a reduction of the Company's registered capital, the Company proposes to amend certain provisions of the Articles of Association in accordance with the requirements of relevant laws, regulations, and normative documents, including the Company Law and the Guidelines for the Articles of Association of Listed Companies. The amendment details are as follows:

## Articles of Association of Red Star Macalline Group Corporation Ltd.

### List of Amendments

Original articles				Amended articles			
Article 21 Before the initial public offering of overseas listed foreign shares of the Company, the Company's share capital is RMB3,080,329,038, the total number of shares is 3,080,329,038, which are all ordinary shares, and the equity structure is:				Article 21 Before the initial public offering of overseas listed foreign shares of the Company, the Company's share capital is RMB3,080,329,038, the total number of shares is 3,080,329,038, which are all ordinary shares, and the equity structure is:			
SN	Promoter	Amount of shares held (share)	Shareholding percentage (%)	SN	Promoter	Amount of shares held (share)	Shareholding percentage (%)
1.	Shanghai Red Star Macalline Investment Company Limited	2,480,315,772	80.52	1.	Shanghai Red Star Macalline Investment Company Limited	2,480,315,772	80.52
2.	Candlewood Investment SRL	338,054,924	10.97	2.	Candlewood Investment SRL	338,054,924	10.97
3.	Springwood Investment SRL	181,170,145	5.88	3.	Springwood Investment SRL	181,170,145	5.88
4.	Shanghai Ping'an Pharmacy Company Limited	3,688,206	0.12	4.	Shanghai Ping'an Pharmacy Company Limited	3,688,206	0.12
5.	Shanghai Jinghai Assets Management Center (Limited Partnership)	56,849,998	1.85	5.	Shanghai Jinghai Assets Management Center (Limited Partnership)	56,849,998	1.85
6.	Shanghai Kaixing Business Administration Center (Limited Partnership)	7,589,999	0.25	6.	Shanghai Kaixing Business Administration Center (Limited Partnership)	7,589,999	0.25
7.	Shanghai Hongmei Investment Management Center (Limited Partnership)	12,659,994	0.41	7.	Shanghai Hongmei Investment Management Center (Limited Partnership)	12,659,994	0.41
<b>Total</b>		<b>3,080,329,038</b>	<b>100</b>	<b>Total</b>		<b>3,080,329,038</b>	<b>100</b>

Original articles	Amended articles
<p>As approved by relevant regulatory authorities which are authorised by the State Council, the Company can issue 315,000,000 ordinary shares in total. The equity structure of the Company is as follows: 3,938,917,038 ordinary shares, including 2,876,103,969 onshore-listed domestic shares (A shares), representing 73.02% of the Company's total shares; 1,062,813,069 overseas listed foreign shares (H shares), representing 26.98% of the Company's total shares.</p>	<p>As approved by relevant regulatory authorities which are authorised by the State Council, the Company can issue 315,000,000 ordinary shares in total. The equity structure of the Company is as follows: 3,938,917,038 ordinary shares, including 2,876,103,969 onshore-listed domestic shares (A shares), representing 73.02% of the Company's total shares; 1,062,813,069 overseas listed foreign shares (H shares), representing 26.98% of the Company's total shares.</p>
<p>Upon approval at the 2017 AGM, the A Share Class Meeting and the H Share Class Meeting convened on 8 June 2018 by the Company, the Company bought back 388,917,038 overseas listed foreign shares (H shares). Upon completion of the aforementioned buy-back and share cancellation, the equity structure of the Company is as follows: 3,550,000,000 ordinary shares, including 2,876,103,969 onshore-listed domestic shares (A shares), representing 81.02% of the Company's total shares; 673,896,031 overseas listed foreign shares (H shares), representing 18.98% of the Company's total shares.</p>	<p>Upon approval at the 2017 AGM, the A Share Class Meeting and the H Share Class Meeting convened on 8 June 2018 by the Company, the Company bought back 388,917,038 overseas listed foreign shares (H shares). Upon completion of the aforementioned buy-back and share cancellation, the equity structure of the Company is as follows: 3,550,000,000 ordinary shares, including 2,876,103,969 onshore-listed domestic shares (A shares), representing 81.02% of the Company's total shares; 673,896,031 overseas listed foreign shares (H shares), representing 18.98% of the Company's total shares.</p>
<p>Upon approval at the 2019 annual general meeting, A shareholders' class meeting and H shareholders' class meeting convened on 18 June 2020, the Company implemented the profit distribution and capitalization plan which was based on the Company's total share capital of 3,550,000,000 shares before the implementation and issued 0.1 bonus share per share to all shareholders by way of conversion of capital reserve, which resulted in an increase of 355,000,000 shares in total. After the distribution, the total share capital became 3,905,000,000 shares, including 3,163,714,366 A shares, representing 81.02% of the Company's total shares, and 741,285,634 H shares, representing 18.98% of the Company's total shares.</p>	<p>Upon approval at the 2019 annual general meeting, A shareholders' class meeting and H shareholders' class meeting convened on 18 June 2020, the Company implemented the profit distribution and capitalization plan which was based on the Company's total share capital of 3,550,000,000 shares before the implementation and issued 0.1 bonus share per share to all shareholders by way of conversion of capital reserve, which resulted in an increase of 355,000,000 shares in total. After the distribution, the total share capital became 3,905,000,000 shares, including 3,163,714,366 A shares, representing 81.02% of the Company's total shares, and 741,285,634 H shares, representing 18.98% of the Company's total shares.</p>
<p>Upon approval by the Reply of the China Securities Regulatory Commission on Approval of Non-public Offering of Shares by Red Star Macalline Home Furnishing Group Co., Ltd. (China Securities Regulatory Commission [2021] No. 1361), the company has issued 449,732,673 A shares in total. After the offering, the total share capital of became 4,354,732,673 shares, including 3,613,447,039 A Shares, representing 82.98% of the Company's total shares, and 741,285,634 H Shares, representing 17.02% of the Company's total shares.</p>	<p>Upon approval by the Reply of the China Securities Regulatory Commission on Approval of Non-public Offering of Shares by Red Star Macalline Home Furnishing Group Co., Ltd. (China Securities Regulatory Commission [2021] No. 1361), the company has issued 449,732,673 A shares in total. After the offering, the total share capital of <u>the Company</u> became 4,354,732,673 shares, including 3,613,447,039 A Shares, representing 82.98% of the Company's total shares, and 741,285,634 H Shares, representing 17.02% of the Company's total shares.</p>
	<p><u>Upon cancellation of the 1,044,800 repurchased A Shares, the Company's total share capital will be 4,353,687,873 shares, comprising 3,612,402,239 A Shares, representing 82.97% of the Company's total shares, and 741,285,634 H Shares, representing 17.03% of the Company's total shares.</u></p>

Original articles	Amended articles
Article 24 The registered capital of the Company is RMB4,354,732,673.	Article 24 The registered capital of the Company is RMB4,354,732,673,353,687,873.

In addition to the amendments detailed in the list of amendments above, the Company has made optimizations, adjustments, and modifications to the wording and punctuation of the Articles of Association, which do not constitute substantive amendments and are therefore not listed individually. The specific amendments to the corresponding content of the Articles of Association shall be subject to the approval result of the market supervision and administration authority. The amendments to the corresponding provisions of the Articles of Association are still subject to approval at the EGM. Furthermore, authorization is sought from the general meeting for the Board, which may further authorize the Company's management, to handle relevant matters such as change registration/filing with the competent authorities in relation to the amendments to the Articles of Association.

The Proposed Amendments to the Articles of Association is subject to the consideration and shall take effect upon approval by the Shareholders at the EGM.

## EGM

A circular containing, among other things, details of the resolution on the estimated provisions of financial assistance by the Company, the cancellation of repurchased A Shares and reduction of registered capital, the proposed amendments to the Articles of Association, and the notice convening the EGM, will be published on the websites of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.chinaredstar.com](http://www.chinaredstar.com)) in due course.

By Order of the Board  
**Red Star Macalline Group Corporation Ltd.**  
**LI Yupeng**  
*Chairman*

Shanghai, the PRC  
19 December 2025

*As at the date of this announcement, the executive Directors of the Company are LI Yupeng, SHI Yaofeng and YANG Yingwu; the non-executive Directors are YE Yanliu, ZOU Shaorong, CHE Jianxing and XU Guofeng; the independent non-executive Directors are XUE Wei, HUANG Jianzhong, CHEN Shanang, WONG Chi Wai and CAI Qinghui; and the employee Director is ZHENG Jianjie.*