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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 CHANGE OF AUDITORS
AND
DISCLOSURE OF FINANCIAL STATEMENTS IN
THE H-SHARE MARKET IN ACCORDANCE WITH IFRS**

This announcement is made by the board of directors (the “**Board**”) of Red Star Macalline Group Corporation Ltd. (the “**Company**”) pursuant to Rule 13.51(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Board hereby announces that, given that the Company failed to reach consensus on the work schedule and expenses with Ernst & Young Hua Ming LLP (“**EY**”), after communication and negotiation with EY and in view of the business development needs and audit requirements of the Company, the Company has ceased to appoint EY as the auditors of the Company. EY has confirmed that up to the date of this announcement, there are no circumstances connected with its termination which it considers should be brought to the attention of the shareholders or creditors of the Company in relation to the change of auditors of the Company. The Board has also confirmed that there is no disagreement or unresolved matter between the Company and EY and, to the best knowledge of the Board, there are no other matters relating to the change of auditors that needs to be brought to the attention of the shareholders. EY has not conducted any substantive audit work for the year ended 31 December 2022.

As approved by the audit committee of the Company, the Company proposes to appoint Zhongxingcai Guanghua Certified Public Accountants LLP (“**Zhongxingcai Guanghua**”) as the China Accounting Standards auditor of the Company for the year 2022, the fees for its financial auditing for the year 2022 amounted to RMB4 million; the Company proposes to appoint HLB Hodgson Impey Cheng Limited (“**HLB**”) as the International Accounting Standards auditor of the Company for the year 2022, the fees for its auditing of the audited report under the International Financial Reporting Standard (“**IFRS**”) for the year 2022 amounted to RMB2.8 million. The term of office of Zhongxingcai Guanghua and HLB is until the conclusion of the next annual general meeting.

As required by the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited, the Company will adopt the Chinese Accounting Standards for Business Enterprises and the IFRS to prepare its financial reports, and to adopt the Chinese Accounting Standards for Business Enterprises and the IFRS for the disclosure of financial statements in the A-share market and H-share market respectively.

The Company has had sufficient discussion with the former and subsequent auditors regarding the change of auditors and disclosure of financial statements in the H-share market in accordance with IFRS, both of which have been clearly aware of such matter and have confirmed that they have no objection. The proposed change of auditors of the Company and disclosure of financial statements in the H-share market in accordance with IFRS of the Company is subject to the approval of the shareholders at the extraordinary general meeting (“**the EGM**”) to be convened.

A circular containing, among other things, the proposed change of auditors of the Company and disclosure of financial statements in the H-share market in accordance with IFRS, together with the notice of the EGM, will be despatched to the shareholders as soon as possible.

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

Shanghai, the PRC
1 February 2023

As at the date of this announcement, the executive Director of the Company is CHE Jianxing; the non-executive Directors are CHEN Zhaohui, JIANG Xiangyu, HU Xiao and YANG Guang; and the independent non-executive Directors are QIAN Shizheng, LEE Kwan Hung, Eddie, WANG Xiao, ZHAO Chongyi and QIN Hong.