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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 OF THE COMPANY PROPOSED CHANGE OF THE BUSINESS SCOPE OF THE COMPANY AND PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

## **I. PROPOSED CHANGE OF AUDITORS OF THE COMPANY**

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, the Company has, after considering situations such as business development needs and audit needs, ceased the appointment with Zhongxingcai Guanghua Certified Public Accountants LLP (“**Zhongxingcai Guanghua**”) and HLB Hodgson Impey Cheng Limited (“**HLB**”) as the auditors of the Company upon the communication and negotiation with them. Zhongxingcai Guanghua and HLB have confirmed that up to the date of this announcement, there are no circumstances connected with their terminations which they consider should be brought to the attention of the shareholders (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 Zhongxingcai Guanghua or HLB and, to the best knowledge of the Board, there are no other matters relating to the change of auditors of the Company that need to be brought to the attention of the Shareholders.

As proposed by the audit committee of the Company, the Company proposes to appoint RSM China (“**RSM**”) as the China Accounting Standards auditor and internal control auditor of the Company for the year 2023. The fees for its financial auditing for the year 2023 amounted to RMB5.00 million (tax exclusive), and the fees for internal control audit for the year 2023 amounted to RMB1.30 million (tax exclusive). The Company proposes to appoint CL Partners CPA Limited (“**CL Partners**”) as the International Accounting Standards auditor of the Company for the year 2023, the fees for its auditing of the audited report under the International Financial Reporting Standard (“**IFRS**”) for the year 2023 amounted to RMB1.50 million (tax exclusive). The term of office of RSM and CL Partners will commence from the date of which the relevant resolution is approved by the Shareholders at the extraordinary general meeting of the Company (the “**EGM**”) until the conclusion of the next annual general meeting of the Company.

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 proposed change of auditors of the Company is subject to the approval of the Shareholders at the EGM to be convened.

## II. PROPOSED CHANGE OF THE BUSINESS SCOPE OF THE COMPANY

Due to the Company’s needs for development, the Company proposes to change its original business scope from “Providing the invested enterprises with management service, enterprise management consulting and product information consulting; providing the home furnishing business stores with design planning and management services, wholesale of furniture, building materials (steel exclusive) and decoration materials, and relevant supporting services; exhibition and display services. (products involving quota license or special management provisions shall be subject to relevant state regulations) (with license if required). Business subject to approval by law shall be conducted upon approval by competent authorities” into “Providing the invested enterprises with management service, enterprise management consulting and product information consulting; providing the home furnishing business stores with design planning and management services, wholesale of furniture, building materials (steel exclusive) and decoration materials, and relevant supporting services; exhibition and display services; **import and export of goods; import and export of technology**. (products involving quota license or special management provisions shall be subject to relevant state regulations) (~~with license if required~~). Business subject to approval by law shall be conducted upon approval by competent authorities.”

The above business scope after amendments is subject to final approval by and registration with the industrial and commercial administration authority.

The proposed change of the business scope of the Company is subject to the approval of the Shareholders at the EGM to be convened.

## III. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Due to the Company’s needs for development, the Company proposes to expand its business scope, the amendments to the terms of the articles of association of the Company (the “**Articles of Association**”) are as follows:

Serial Number	Original Article	Amended Article
1.	Article 13 The business scope of the Company shall be as approved by the company examination and approval authority and industrial and commercial administration authority.	Article 13 The business scope of the Company shall be as approved by the company examination and approval authority and industrial and commercial administration authority.

	<p>The business scope of the Company is: Providing the invested enterprises with management service, enterprise management consulting and product information consulting; providing the home furnishing business stores with design planning and management services, wholesale of furniture, building materials (steel exclusive) and decoration materials, and relevant supporting services; exhibition and display services. (products involving quota license or special management provisions shall be subject to relevant state regulations) (with license if required).</p>	<p>The business scope of the Company is: Providing the invested enterprises with management service, enterprise management consulting and product information consulting; providing the home furnishing business stores with design planning and management services, wholesale of furniture, building materials (steel exclusive) and decoration materials, and relevant supporting services; exhibition and display services; <b><u>import and export of goods; import and export of technology.</u></b> (products involving quota license or special management provisions shall be subject to relevant state regulations) <del>(with license if required).</del> <b><u>Business subject to approval by law shall be conducted upon approval by competent authorities</u></b></p>
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The above addition to the business scope of the Company is subject to final approval by the industrial and commercial administration authority. Save for the above amendments, other provisions of the Articles of Association will remain unchanged. The proposed amendments to the Articles of Association are subject to approval of the Shareholders at the general meeting of the Company, and it is proposed at the general meeting to authorize the Board and the Board then authorizes the operating management to handle relevant formalities for changes in industrial and commercial registration in respect of the amendments to the Articles of Association.

A circular containing, among other things, the proposed change of auditors of the Company, the proposed change of the business scope of the Company, and the proposed amendments to the Articles of Association, 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  
20 October 2023

*As at the date of this announcement, the executive Directors of the Company are CHE Jianxing, SHI Yaofeng, LI Jianhong and YANG Yingwu; the non-executive Directors are ZHENG Yongda, WANG Wenhui, ZOU Shaorong, SONG Guangbin and XU Di; and the independent non-executive Directors are XUE Wei, HUANG Jianzhong, CHEN Shanang, WONG Chi Wai and CAI Qinghui.*