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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)

VOLUNTARY ANNOUNCEMENT ANNOUNCEMENT ON EXTENSION OF THE TERM OF THE THIRD PHASE OF THE EMPLOYEE STOCK OWNERSHIP PLAN OF THE COMPANY

The term of the third phase of the employee stock ownership plan (the “**ESOP**”) of Red Star Macalline Group Corporation Ltd. (the “**Company**”) will expire on 28 January 2024. After consideration and approval by the third ESOP holders’ meeting and the seventh extraordinary meeting of the fifth session of the board (the “**Board**”) of directors (the “**Director(s)**”) of the Company, the term of the ESOP has been extended to 27 September 2024, and relevant information is announced as follows:

I. Basic information on the ESOP

The twenty-first extraordinary meeting of the fourth session of the Board and the first extraordinary general meeting of 2021 held by the Company on 6 February 2021 and 19 March 2021 respectively considered and approved relevant resolutions including the Resolution on the Third Phase of the Employee Stock Ownership Plan (Draft) of Red Star Macalline Group Corporation Ltd. and Its Summary, and the Company disclosed the Announcement on Completion of Purchase under the Third Phase of the Employee Stock Ownership Plan by Red Star Macalline Group Corporation Ltd. on 13 May 2021. For details, please refer to relevant announcements disclosed by the Company on the HKEXnews website of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) (<https://www.hkexnews.hk/>) on 7 February 2021, 19 March 2021 and 13 May 2021, respectively.

As at 12 May 2021, the ESOP has purchased a total of 15,780,000 A shares of the Company through the “Shaanxi International Investment – Macalline Phase III Employee Shareholding Single Fund Trust Plan” (hereinafter referred to as “**Trust Plan**”), representing approximately 0.40% of the total share capital of the Company at the time, with an average transaction price of approximately RMB9.50 per share, totaling approximately RMB149.943 million, and the remaining amount was set aside as a reserve. The lock-up period for shares purchased under the ESOP was from 13 May 2021 to 12 May 2022. For details, please refer to the Announcement on Completion of Purchase under the Third Phase of the Employee Stock Ownership Plan by Red Star Macalline Group Corporation Ltd. disclosed by the Company on the HKEXnews website of the Hong Kong Stock Exchange (<https://www.hkexnews.hk/>) on 13 May 2021. In October 2021, the Company completed the non-public issuance of A Shares (RMB ordinary A shares) to specific participants, and the total share capital of the Company was changed to 4,354,732,673 shares. There were 15,780,000 A shares of the Company held under the ESOP for the time being, accounting for approximately 0.36% of the total share capital of the Company at that time. For details, please refer to the announcement on the Completion of the Non-public Issuance of A Shares disclosed by the Company on the HKEXnews website of the Hong Kong Stock Exchange (<https://www.hkexnews.hk/>) on 21 October 2021.

The term of the ESOP was 24 months commencing from the date on which the ESOP draft was considered and approved by the general meeting of the Company and the Company announced the transfer of the last underlying shares to the Trust Plan (13 May 2021).

The second ESOP holders’ meeting was convened both on-site and via tele-communications voting on 13 March 2023. With the consideration and approval by more than two-thirds of the total units held by the holders present at the second ESOP holders’ meeting and the consideration and approval by the sixty-third extraordinary meeting of the fourth session of the Board on 17 March 2023, the term of the ESOP was extended to 28 January 2024 and the term of authorization for the ESOP Management Committee (“**Management Committee**”) was extended accordingly. For details, please refer to the Announcement on Extension of the Term of the Third Phase of the Employee Stock Ownership Plan of the Company disclosed by the Company on the HKEXnews website of the Hong Kong Stock Exchange (<https://www.hkexnews.hk/>) on 19 March 2023.

Given that some holders of the ESOP have expressed to the Management Committee their intention not to hold units of the ESOP during the extension of the ESOP, and issued a written Confirmation Letter for the Advance Disposal of the Units under the Third Phase of the Employee Stock Ownership Plan of Red Star Macalline Group Corporation Ltd. during the Extension Period, the Management Committee entrusted Shaanxi International Trust Co., Ltd. to dispose 2,919,000 A shares of the Company held through the Trust Plan during the period from 8 May 2023 to 10 May 2023, accounting for approximately 0.07% of the current total share capital of the Company, and the existing units held under the ESOP decreased accordingly.

As at the date of this announcement, there are 121,657,000 existing units held under the ESOP, representing a total of 12,861,000 A shares of the Company, accounting for approximately 0.30% of the current total share capital of the Company.

II. Procedures for Extension of the Term of the ESOP

The third ESOP holders' meeting was convened both on-site and via tele-communications voting on 20 October 2023. There were 449 holders eligible for attending the meeting, holding a total of 121,657,000 units of the ESOP; there were 430 holders present at the meeting, representing 119,917,000 units of the ESOP. The details on the voting at the meeting are as follows:

1. The Resolution on the Extension of the Term of the Third Phase of the Employee Stock Ownership Plan of Red Star Macalline Group Corporation Ltd. was approved by voting

Voting results: 89.606 million units voted in favor, 30.127 million units voted against, and 0.184 million units abstained from voting.

The above resolution was approved by more than two-thirds of the total units held by the holders present at the meeting.

On 27 October 2023, the above matter was considered and approved at the seventh extraordinary meeting of the fifth session of the Board, the executive Directors Mr. Che Jianxing and Mr. Li Jianhong abstained from voting on relevant resolution and the independent non-executive Directors issued independent opinions on the above matter.

III. Arrangements for Extension of the Term of the ESOP

With the approval by more than two-thirds of the total units held by the holders present at the third ESOP holders' meeting and the consideration and approval by the seventh extraordinary meeting of the fifth session of the Board, the term of the ESOP was extended to 27 September 2024 and the term of authorization for the Management Committee was extended accordingly; the Management Committee will determine the appropriate timing of the disposal according to market conditions before 27 September 2024, and the proceeds from the disposal will be returned to all the holders based on the actual transactions realization and the liquidation of the trust in accordance with the relevant provisions of the ESOP.

IV. Other Matters

The ESOP may be terminated prematurely if all of the shares held under the ESOP are transferred and all of the monetary assets (if any) under the ESOP are liquidated and allocated during the term.

V. Opinions of Independent Non-executive Directors

The extension of the term of the ESOP was approved by the ESOP holders' meeting, and considered and approved by the Board. The consideration procedure complied with the Guiding Opinions on Pilot Work for Implementation of Employee Stock Ownership Plans by Listed Companies, the Guidelines No. 1 for the Self-regulation of Companies Listed on the Shanghai Stock Exchange – Standardized Operation and the Management Measures for the Third Phase of the Employee Stock Ownership Plan of Red Star Macalline Group Corporation Ltd. The decision-making procedures were legal and compliant. There was no damage to the interests of the Company and all shareholders of the Company.

In conclusion, we unanimously approved the extension of the term of the ESOP to 27 September 2024 and the term of authorization for the Management Committee was extended accordingly.

This announcement is made on a voluntary basis by the Company.

This announcement is published in both Chinese and English. If there is any discrepancy between Chinese and English versions, the Chinese version shall prevail.

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

Shanghai, the PRC
30 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.