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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 OPERATING STATISTICS FOR THE FIRST THREE QUARTERS OF 2018

This announcement is made by Red Star Macalline Group Corporation Ltd. (the “**Company**”) pursuant to Rules 13.09 and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange.

The board of directors and all directors of the Company confirm that there are no false representations, misleading statements, or material omissions in this announcement, and they shall individually and collectively accept full responsibility for the truthfulness, accuracy and completeness of contents herein.

In accordance with the relevant requirements under the Guidelines No. 5 on Industry Information Disclosure of Listed Companies – Retail (《上市公司行業信息披露指引第五號—零售》) and the Notice in relation to the Endeavour on Disclosure of the 2018 Third-Quarter Report by the Listed Companies (《關於做好上市公司2018年第三季度報告披露工作的通知》) issued by the Shanghai Stock Exchange, the Company hereby discloses its principal operating statistics for the first three quarters of 2018 (the “**Reporting Period**”) as follows:

As of 30 September 2018, the Company operated 75 Portfolio Shopping Malls and 196 Managed Shopping Malls. In addition, the Company opened six franchised home improvement material stores/industry streets by way of franchising^{Note 1}, and the total reached 302 home improvement material stores/industry streets^{Note 2}.

I. CHANGES IN MALLS FOR THE FIRST THREE QUARTERS OF 2018

During the Reporting Period, the net increase in the number of Portfolio Shopping Malls was four, including two new shopping malls commencing operation in Nanchang, Jiangxi Province and Chongqing, and two Portfolio Shopping Malls, situated respectively in Ningbo, Zhejiang Province and Baotou, Inner Mongolia, transferred from two Managed Shopping Malls. The net increase in the number of Managed Shopping Malls was 11. 16 new shopping malls commenced operation, situated respectively in Chongqing, Fuzhou, Fujian Province, Datong, Shanxi Province, Wuhu, Anhui Province, Haicheng, Liaoning Province, Huainan, Anhui Province, Zhuji, Zhejiang Province, Zhoukou, Henan Province, Guiyang, Guizhou Province, Tangshan, Hebei Province, Xinyang, Henan Province, Guang'an, Sichuan Province, Yibin, Sichuan Province, and Shaoyang, Hunan Province. Three shopping malls were closed, which were situated respectively in Tongxiang, Zhejiang Province, Huzhou, Zhejiang Province and Xiangyang, Hubei Province.

Note 1: Franchised home improvement material stores/industry streets mean the home improvement material stores and home improvement material industry streets operated by the Company by way of authorised franchising. For such franchised home improvement material stores/industry streets, the Company will not participate in the daily operation and management after the commencement of operation.

Note 2: For home improvement material stores/industry streets, the Company regards those with independent market logos as home improvement material stores/industry streets for the purpose of operation and management by taking account of physical form of the managed property and product categories sold.

(I) Changes in Malls During the Reporting Period

Table 1–1 Changes in Owned Portfolio Shopping Malls during the Reporting Period

Unit: m²

Mode of Operation	Location	Malls as at the beginning of the period		New Malls		Malls Transferred from Other Business			Closed Malls		Malls Transferred to Other Business Mode		Malls as at the end of the period	
		No. of Malls	Operating Area	No. of Malls	Operating Area	No. of Malls	Operating Area	Mode	No. of Malls	Operating Area	No. of Malls	Operating Area	No. of Malls	Operating Area
Owned	Beijing	3	197,777										3	231,563
Owned	Shanghai	6	652,576			1	62,850						7	726,981
Owned	Tianjin	4	330,044										4	401,295
Owned	Chongqing	1	78,816	1	62,282	1	105,174						3	247,141
Owned	Northeast China	10	828,304										10	950,012
Owned	North China (excluding Beijing, Tianjin)	2	156,204										2	167,802
Owned	East China (excluding Shanghai)	12	1,211,835			1	84,216						13	1,429,069
Owned	Central China	4	434,492										4	469,167
Owned	South China	2	116,017										2	116,021
Owned	West China (excluding Chongqing)	3	208,696										3	236,980
Total:		47	4,214,760	1	62,282	3	252,240						51	4,976,030

Note 1: The discrepancies between total and sums of amounts in the table above are due to rounding.

Note 2: Portfolio Shopping Malls include Owned Portfolio Shopping Malls, JV/Associate Portfolio Shopping Malls and Leased Portfolio Shopping Malls.

Table 1–2 Changes in JV/Associate Portfolio Shopping Malls during the Reporting Period

Unit: m²

Mode of Operation	Location	Malls as at the beginning of the period		New Malls		Malls Transferred from Other Business Mode		Closed Malls		Malls Transferred to Other Business Mode		Malls as at the end of the period	
		No. of Malls	Operating Area	No. of Malls	Operating Area	No. of Malls	Operating Area	No. of Malls	Operating Area	No. of Malls	Operating Area	No. of Malls	Operating Area
JV/Associate	Beijing												
JV/Associate	Shanghai												
JV/Associate	Tianjin												
JV/Associate	Chongqing												
JV/Associate	Northeast China												
JV/Associate	North China (excluding Beijing, Tianjin)												
JV/Associate	East China (excluding Shanghai)	2	156,978									2	157,248
JV/Associate	Central China												
JV/Associate	South China	1	94,649									1	94,649
JV/Associate	West China (excluding Chongqing)	1	71,241									1	88,909
Total:		4	322,868									4	340,806

Note 1: The discrepancies between total and sums of amounts in the table above are due to rounding.

Table 1–3 Changes in Leased Portfolio Shopping Malls during the Reporting Period

Unit: m²

Mode of Operation	Location	Malls as at the beginning of the period		New Malls		Malls Transferred from Other Business		Closed Malls		Malls Transferred to Other Business Mode		Malls as at the end of the period	
		No. of Malls	Operating Area	No. of Malls	Operating Area	No. of Malls	Operating Area	No. of Malls	Operating Area	No. of Malls	Operating Area	No. of Malls	Operating Area
Leased	Beijing	1	85,117									1	92,395
Leased	Shanghai	1	50,258							1	62,850		
Leased	Tianjin												
Leased	Chongqing	2	188,742							1	105,174	1	84,321
Leased	Northeast China	1	82,204									1	82,204
Leased	North China (excluding Beijing, Tianjin)	4	206,633			1	57,709					5	243,441
Leased	East China (excluding Shanghai)	6	250,070	1	54,705							7	344,952
Leased	Central China	3	238,470									3	244,691
Leased	South China	1	35,798									1	35,901
Leased	West China (excluding Chongqing)	1	31,031									1	35,985
Total:		20	1,168,325	1	72,379	1	56,949			2	168,024	20	1,163,890

Note 1: The discrepancies between total and sums of amounts in the table above are due to rounding.

Table 1–4 Changes in Managed Shopping Malls during the Reporting Period

Unit: m²

Mode of Operation	Location	Malls as at the beginning of the period		New Malls		Malls Transferred from Other Business		Closed Malls		Malls Transferred to Other Business Mode		Malls as at the end of the period	
		No. of Malls	Operating Area	No. of Malls	Operating Area	No. of Malls	Operating Area	No. of Malls	Operating Area	No. of Malls	Operating Area	No. of Malls	Operating Area
Managed	Beijing	1	82,440									1	89,609
Managed	Shanghai												
Managed	Tianjin	3	129,176									3	168,050
Managed	Chongqing	2	74,184	2	43,254							4	117,438
Managed	Northeast China	12	571,493	1	39,821							13	641,937
Managed	North China (excluding Beijing, Tianjin)	29	1,484,957	2	57,482					1	57,709	30	1,597,706
Managed	East China (excluding Shanghai)	82	4,335,566	4	103,536			2	100,803	1	84,216	83	4,814,716
Managed	Central China	19	926,921	4	123,010			1	53,184			22	1,067,820
Managed	South China	8	423,468									8	437,699
Managed	West China (excluding Chongqing)	29	1,403,570	3	126,089							32	1,612,598
Total:		185	9,431,775	16	439,191			3	153,986	2	141,925	196	10,574,573

Note 1: The discrepancies between total and sums of amounts in the table above are due to rounding.

(II) Details of Changes in Malls During the Reporting Period

Table 1–5 Newly-added Malls during the Reporting Period

Unit: m²

Name	Address	Operating Area	Opening Date	Way of Contracting	Contract Period (Applicable to Leased and Managed Business Mode)
Chayuan, Chongqing (重慶茶園)	7/F, Red Star Macalline, 5 Yuma Road, Nan'an District, Chongqing City (重慶市南岸區玉馬路 5號(紅星美凱龍7樓))	62,282	26 May 2018	Purchase	–
Honggu Tan, Nanchang (南昌紅谷灘)	Angel Finance Plaza, 969 Honggu Tan New District, Nanchang, Jiangxi Province (江西省南昌市 紅谷灘新區969號天使 金融廣場)	72,379	22 June 2018	Lease	Due on 31 January 2039
Liangping, Chongqing (重慶梁平)	Red Star MaCalline Liangping Mall, Jingui Road, Shuanggui Street, Liangping District, Chongqing (重慶市梁平 區雙桂街道金桂路紅 星美凱龍梁平商場)	12,919	30 January 2018	Contracted management	12 years since the opening
Binjiang, Changle (長樂濱江)	Tower 1–3, 15–17 Binjiang Trade City, Heshang Town, Changle District, Fuzhou (福州市長樂區鶴上鎮 濱江商貿城15–17號樓 1–3層)	12,496	3 March 2018	Contracted management	10 years since the opening
Dongxin, Datong (大同東信)	Intersection of Yongtai South Road and Yuanmao Road, Chengqu, Urban Sub-district, Datong City, Shanxi Province (山西省 大同市城區永泰南路 與源茂街交匯處)	31,170	1 April 2018	Contracted management	As at 31 March 2020

Name	Address	Operating Area	Opening Date	Way of Contracting	Contract Period (Applicable to Leased and Managed Business Mode)
Aoti, Wuhu (蕪湖奧體)	Intersection of Nanjing 15th Road and Heyue Road, Shannan New Sub-district, Huainan City, Anhui Province (安徽省淮南市山南新區南經十五路與悅街交叉口)	18,416	28 April 2018	Contracted management	10 years since the opening
Haicheng Mall (海城商場)	Daji Xincheng, Huanglingwei, Xiangtang Management Zone, Haicheng Sub-district, Anshan City, Liaoning Province (遼寧省鞍山市海城市響堂管理區荒嶺委大吉欣城)	39,821	29 April 2018	Contracted management	10 years since the opening
Shannan, Huainan (淮南山南)	Intersection of Nanjing 15th Road and Heyue Road, Shannan New Sub-district, Huainan City, Anhui Province (安徽省淮南市山南新區南經十五路與悅街交叉口)	27,081	26 May 2018	Contracted management	10 years since the opening
East 2nd Ring, Zhuji (諸暨東二環)	Intersection of East 2nd Ring Road and Xiangnan Road, Zhuji City, Zhejiang Province (浙江省諸暨市東二環路與祥安路交叉口)	45,348	26 May 2018	Contracted management	10 years since the opening
Longdu, Zhoukou (週口龍都)	Red Star Macalline, Southeast Corner, Intersection of Gongnong Road and Huanghe Road, Chuanhui District, Zhoukou City, Henan Province (河南省週口市川匯區工農路與黃河路交叉口東南角紅星美凱龍)	40,086	2 June 2018	Contracted management	15 years since the opening

Name	Address	Operating Area	Opening Date	Way of Contracting	Contract Period (Applicable to Leased and Managed Business Mode)
Yunyan, Guiyang (貴陽雲巖)	Red Star City Square, 66 Beijing West Road, Yunyan District, Guiyang City (貴陽市雲巖區北京西路66號紅星城市廣場)	65,070	8 June 2018	Contracted management	10 years since the opening
Fengnan, Tangshan (唐山豐南)	18 Qingnian Road, Fengnan District, Tangshan City, Hebei Province (河北省唐山市豐南區青年路18號)	32,420	9 June 2018	Contracted management	6 years since the opening
Wanjiahui, Xinyang (信陽萬家薈)	Housewares Industrial Base, Er'shilihe, Yangshan New District, Xinyang City, Henan Province (河南省信陽市羊山新區二十里河家居小鎮)	29,092	28 July 2018	Contracted management	10 years since the opening
Gushi Mall (固始商場)	Red Star Macalline, Intersection of Yihe Avenue and Yonghe Avenue, Gushi County, Xinyang City, Henan Province (河南省信陽市固始縣怡和大道與永和大道交匯處紅星美凱龍)	28,591	23 July 2018	Contracted management	15 years since the opening

Name	Address	Operating Area	Opening Date	Way of Contracting	Contract Period (Applicable to Leased and Managed Business Mode)
Linshui, Guang'an (廣安鄰水)	Unit 158, 5/F, Commercial Building 12, Lin Tu Chu [2016] No. 28 Land Development Project, Guanglin Avenue, Linshui County, Guang'an City, Sichuan Province (四川省廣安市鄰水縣廣鄰大道旁鄰土儲[2016]28號地塊開發項目內商業12號樓五層158號)	26,171	1 September 2018	Contracted management	10 years since the opening
Jiangbei, Yibin (宜賓江北)	Red Star Macalline, Huacaicheng Marketing Center, Cuiping District, Yibin City, Sichuan Province (四川省宜賓市翠屏區華彩城營銷中心紅星美凱龍)	34,849	22 September 2018	Contracted management	10 years since the opening
Qianjiang, Chongqing (重慶黔江)	Red Star Macalline Mall, Jinlong Road, Zhengyang Avenue, Xincheng, Qianjiang District, Chongqing City (重慶市黔江區新城正陽大道金龍路紅星美凱龍商場)	30,335	22 September 2018	Contracted management	10 years since the opening
Baoqing, Shaoyang (邵陽寶慶)	Baoqing East Road, Shuangqing District, Shaoyang City, Hunan Province (湖南省邵陽市雙清區寶慶東路)	25,240	21 September 2018	Contracted management	8 years since the opening

Table 1–6 Stores Closure during the Reporting Period

Unit: m²

Name	Address	Operating Area	Opening Date	Way of Contracting	Contract Period (Applicable to Leased and Managed Business Mode)	Reason for Closure	Time of Closure
Shiji, Tongxiang (桐鄉世紀)	West side of Shiji Avenue, Wutong Sub-district, Tongxiang City(桐鄉市梧桐街道世紀大道西側)	36,748	28 September 2008	Contracted management	10 years since the contract took effect	Expiration of the entrusted management contract	March 2018
Wuxing, Huzhou (湖州吳興)	2077 Erhuan West Road, Huzhou City, Zhejiang Province (浙江省湖州市二環西路2077號)	64,055	12 November 2011	Contracted management	10 years since the contract took effect	Expiration of the entrusted management contract	September 2018
Wolong, Xiangyang (襄陽卧龍)	Intersection of Dengcheng Avenue and Fanwei Road, Xiangzhou District, Xiangyang City, Hubei Province (湖北省襄陽市襄州區鄧城大道與樊魏路交匯處)	53,184	27 December 2014	Contracted management	10 years since the opening	Property transfer by the partner	September 2018

II. MALLS THAT ARE IN OPENING PREPARATION AS OF THE END OF FIRST THIRD QUARTERS OF 2018

As of 30 September 2018, the Company had 29 pipeline Portfolio Shopping Malls (of which 22 were Owned Portfolio Shopping Malls and 7 were Leased Portfolio Shopping Malls), and the planned construction area amounted to approximately 3,840 thousand sq.m. (subject to final construction area approved by government permit document). Among the pipeline Managed Shopping Malls, we have obtained land use rights/land parcels for 365 managed contractual projects.

III. REVENUE AND GROSS PROFIT MARGIN OF PORTFOLIO SHOPPING MALLS FOR THE FIRST THREE QUARTERS OF 2018

During the Reporting Period, the Portfolio Shopping Malls opened by the Company recorded revenue of RMB5,771,213,522.48, representing an increase of 10.9% as compared with the same period of last year; the gross profit margin was 77.1%, representing an increase of 1.9 percentage points as compared with the same period of 2017.

Table 3–1 Revenue and Gross Profit Margin of Portfolio Shopping Malls Classified by Operating Mode

Unit: RMB

Operating Mode	Revenue	Change as Compared to the Same Period (%)	Gross Profit Margin (%)	Change as Compared to the Same Period (Percentage Point) (%)
Owned Portfolio Shopping Malls	4,576,211,373.15	15.3%	84.4%	Increase by 1.2 percentage points
Leased Portfolio Shopping Malls	787,032,850.59	-8.0%	39.0%	Decrease by 3.5 percentage points
JV/Associate Portfolio Shopping Malls	407,969,298.74	7.2%	68.8%	Increase by 2.6 percentage points
Total:	5,771,213,522.48	10.9%	77.1%	Increase by 1.9 percentage points

Note: Malls listed above are Portfolio Shopping Malls opened as at the end of each period (including JV/Associate Portfolio Shopping Malls).

Table 3–2 Revenue and Gross Profit Margin of Portfolio Shopping Malls Classified by Location

Unit: RMB

Location	Revenue	Change as Compared to the Same Period (%)	Gross Profit Margin (%)	Change as Compared to the Same Period (Percentage Point) (%)
Beijing	698,860,366.58	10.7%	73.7%	Increase by 3.3 percentage points
Shanghai	1,256,235,934.06	8.6%	89.6%	Increase by 2.5 percentage points
Tianjin	203,081,853.48	-20.7%	80.6%	Decrease by 4.7 percentage points
Chongqing	366,877,715.43	14.2%	67.4%	Increase by 3.1 percentage points
Northeast China	606,854,727.66	12.3%	83.1%	Increase by 4.0 percentage points
North China (excluding Beijing and Tianjin)	153,509,978.80	8.8%	49.4%	Increase by 3.6 percentage points
East China (excluding Shanghai)	1,355,231,767.87	24.1%	74.4%	Increase by 0.9 percentage points
Central China	537,263,802.07	5.1%	75.9%	Increase by 0.4 percentage points
South China	253,833,092.46	11.2%	55.2%	Increase by 6.0 percentage points
West China (excluding Chongqing)	339,464,284.07	4.0%	76.6%	Increase by 1.8 percentage points
Total:	5,771,213,522.48	10.9%	77.1%	Increase by 1.9 percentage points

Note: Malls listed above are Portfolio Shopping Malls opened as at the end of each period (including JV/Associate Portfolio Shopping Malls).

The operating information of this announcement is unaudited and provided to investors to understand the operation of the Company only. The Company advises investors to exercise caution when using such information.

This announcement is published simultaneously in Chinese and English. In the event of any inconsistency between Chinese and English versions, the Chinese version shall prevail.

By order of the Board
Red Star Macalline Group Corporation Ltd.
GUO Binghe
Company Secretary

Shanghai, the PRC
29 October 2018

At the date of this announcement, the executive directors are CHE Jianxing, CHE Jianfang and JIANG Xiaozhong; non-executive directors are CHEN Shuhong, XU Guofeng, Joseph Raymond GAGNON and ZHANG Qiqi; and independent non-executive directors are LI Zhenning, DING Yuan, LEE Kwan Hung and QIAN Shizheng.