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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 HALF OF 2019

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 2019 Half Yearly Report by the Listed Companies (《關於做好上市公司 2019 年半年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 half of 2019 (the “**Reporting Period**”) as follows:

As of 30 June 2019, the Company operated 84 Portfolio Shopping Malls^{Note 1}, 231 Managed Shopping Malls^{Note 1} and 12 home furnishing shopping malls^{Note 2} through strategic cooperative operation. In addition, the Company opened 27 franchised home improvement material projects^{Note 3} by way of franchising, which includes a total of 386 home improvement material stores/industry streets^{Note 4}.

Note 1: See definitions in the 2018 annual report of the Company.

Note 2: During the Reporting Period, the Company acquired 46.5% of equity interests in Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司), and became one of its largest shareholders ranked *pari passu* with Shandong Commercial Group Co., Ltd. (山東省商業集團有限公司). As of 30 June 2019, Shandong Inzone Green Home Co., Ltd. and its controlling subsidiaries operated 12 home furnishing shopping malls in total in the People's Republic of China (the “PRC”). Strategic cooperative operation shopping malls mean the home furnishing shopping malls which, based on strategic objectives considered by the Company, to be held through joint investment with the partners, to jointly hold the properties and co-operate.

Note 3: Franchised home improvement material projects represent the home improvement material stores and home improvement material industry streets operated by the Company by way of franchising. For such franchised home improvement material stores/industry streets, the Company will not participate in the daily operation and management after their commencement of operations.

Note 4: 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 convenience after taking into full account the physical form of the managed property and types of products sold.

I. CHANGES IN MALLS FOR THE FIRST HALF OF 2019

During the Reporting Period, the net increase in the number of Portfolio Shopping Malls was four, in which, one was a newly-opened Portfolio Shopping Mall, situated in Tangshan, Hebei Province; and three were Managed Shopping Malls being converted into Portfolio Shopping Malls, situated respectively in Taiyuan, Shanxi Province, Chongqing and Xilinhot, Inner Mongolia. The net increase in the number of Managed Shopping Malls was three, in which 12 were new shopping malls that commenced operation, situated respectively in Fuyang, Anhui Province, Yueqing, Zhejiang Province, Nantong, Jiangsu Province, Xuchang, Henan Province, Lu'an, Anhui Province, Longhui, Hunan Province, Shangrao, Jiangxi Province, Guiyang, Guizhou Province, Zhenjiang, Jiangsu Province, Lanzhou, Gansu Province and Fuzhou, Fujian Province. Six shopping malls were closed, situated respectively in Wuxi, Jiangsu Province, Guiyang, Guizhou Province, Zhaoyuan, Shandong Province, Shijiazhuang, Hebei Province, Yinchuan, Ningxia and Zhuji, Zhejiang Province.

(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 Mode		Closed Malls		Malls Transferred into 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
Owned	Beijing	3	231,495									3	227,451
Owned	Shanghai	7	727,992									7	894,759
Owned	Tianjin	4	427,238									4	448,427
Owned	Chongqing	3	247,141									3	249,573
Owned	Northeast China	10	954,800									10	1,004,018
Owned	North China (excluding Beijing and Tianjin)	2	168,193									2	167,929
Owned	East China (excluding Shanghai)	13	1,465,408									13	1,550,261
Owned	Central China	4	501,441									4	501,783
Owned	South China	2	116,266									2	116,199
Owned	West China (excluding Chongqing)	5	427,135									5	445,603
Total:		53	5,267,111									53	5,606,003

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

Note 2: Portfolio Shopping Malls stated in this announcement 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 and Tianjin)												
JV/Associate	East China (excluding Shanghai)	2	157,391									2	179,261
JV/Associate	Central China												
JV/Associate	South China	1	94,649									1	94,649
JV/Associate	West China (excluding Chongqing)	1	88,909									1	88,909
		_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Total:		4	340,949									4	362,819

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 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
Leased	Beijing	1	93,050									1	115,285
Leased	Shanghai												
Leased	Tianjin												
Leased	Chongqing	1	84,320			1	49,241					2	133,574
Leased	Northeast China	1	82,204									1	101,594
Leased	North China (excluding Beijing and Tianjin)	5	243,772	1	59,461	2	83,157					8	393,792
Leased	East China (excluding Shanghai)	9	428,311									9	448,837
Leased	Central China	4	307,391									4	307,977
Leased	South China	1	35,901									1	35,901
Leased	West China (excluding Chongqing)	1	35,985									1	36,140
Total:		23	1,310,934	1	59,461	3	132,397					27	1,573,100

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 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
Managed	Beijing	1	89,710									1	111,302
Managed	Shanghai												
Managed	Tianjin	3	170,228									3	173,665
Managed	Chongqing	6	183,599							1	49,241	5	156,723
Managed	Northeast China	16	734,107									16	759,907
Managed	North China (excluding Beijing and Tianjin)	31	1,733,203					1	78,849	2	83,157	28	1,605,390
Managed	East China (excluding Shanghai)	91	5,222,532	8	370,217			3	163,413			96	5,585,101
Managed	Central China	30	1,433,364	2	96,376							32	1,578,148
Managed	South China	11	554,016									11	560,612
Managed	West China (excluding Chongqing)	39	1,899,589	2	177,218			2	189,314			39	1,894,087
Total:		228	12,020,347	12	643,811			6	431,576	3	132,397	231	12,424,935

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)
Tangshan Times (唐山時代)	West to Kaishan Road, North to Longhua Road, High-tech Industry Development Zone, Lubei District, Tangshan City (唐山市路北區高新技術產業 開發區龍華道北側開三路西側)	59,461	1 April 2019	Leased	20 years since the opening
Funan Tianzhu (阜南天築)	South to Road S328, East to Nanyang Avenue, Economic Development Zone, Funan County, Anhui Province (安徽省阜南縣經濟開發區 南陽大道東側 S328 公路南側)	23,297	11 January 2019	Contracted management	10 years since the opening
Yueqing Hongqiao (樂清虹橋)	No. 188, Chengnan Avenue, Hongqiao Town, Yueqing City, Zhejiang Province (浙江省樂清市虹橋鎮城 南大道 188 號)	36,994	13 January 2019	Contracted management	15 years since the opening
Hai'an Yingbin (海安迎賓)	No. 169, Yingbin Road, Chengdong Town, Hai'an City, Jiangsu Province (江蘇省海安市城東鎮 迎賓路 169 號)	35,123	9 March 2019	Contracted management	10 years since the opening
Xuchang Mall (許昌商場)	500m to the North of the cross of Tianbao Road and Longxiang Road, Weidu District, Xuchang City, Henan Province (河南省許昌市魏都區天寶路 與龍翔路交叉口向北 500 米)	77,337	9 March 2019	Contracted management	10 years since the opening
Lu'an Yingbin (六安迎賓)	Cross of Gaocheng Road and Yingbin Avenue, Lu'an Economic Technology Development District, Anhui Province (安徽省六安經濟技術開發區 皋城路與迎賓大道交叉口)	49,669	15 March 2019	Contracted management	10 years since the opening

Name	Address	Operating Area	Opening Date	Way of Contracting	Contract Period (Applicable to Leased and Managed Business Mode)
Fuyang Tairui (阜陽泰睿)	Red Star Macalline Global Home Furnishings Plaza, Cross of Taihe Road and Shuanghe Road, Yingquan District, Fuyang City, Anhui Province (安徽省阜陽市潁泉區太和路與雙河路交叉口紅星美凱龍全球家居生活廣場)	32,451	16 March 2019	Contracted management	10 years since the opening
Shangrao Xinzhou (上饒信州)	Red Star Macalline Global Furniture Life Square, Intersection of Shangrao Avenue and Sanqingshan Avenue, Xinzhou District, Shangrao City, Jiangxi Province (江西省上饒市信州區上饒大道和三清山大道交匯處紅星美凱龍全球家居生活廣場)	42,684	8 May 2019	Contracted management	10 years since the opening
Fuzhou Exhibition (福州會展)	Red Star Macalline Zhizun Mall, Exhibition Center, Intersection of Linpu Road and Pandun Road, Chengmen Town, Cangshan District, Fuzhou City, Fujian Province (福建省福州市倉山區城門鎮林浦路與潘墩路交匯處會展中心紅星美凱龍至尊 Mall)	106,711	11 May 2019	Contracted management	3 years since the opening
Longhui Kaiyue (隆回凱悅)	Intersection of Yanjiang West Road and Erqiao Road, Longhui County, Shaoyang City, Hunan Province (湖南省邵陽市隆回縣沿江西路與二橋路交匯處)	19,039	20 May 2019	Contracted management	10 years since the opening
Lanzhou New District (蘭州新區)	No. 7068, Hanshui Street, Lanzhou New District, Lanzhou City, Gansu Province (甘肅省蘭州市蘭州新區漢水街 7068 號)	39,461	25 May 2019	Contracted management	10 years since the opening

Name	Address	Operating Area	Opening Date	Way of Contracting	Contract Period (Applicable to Leased and Managed Business Mode)
Guiyang Nanming (貴陽南明)	Red Star Macalline, No. 5 land parcels, Suocao Road, Nanming District, Guiyang City, Guizhou Province (貴州省貴陽市南明區蓑草路 5 號地塊紅星美凱龍)	137,757	15 June 2019	Contracted management	10 years since the opening
Danyang Yingbin (丹陽迎賓)	No. 99, Yingbin Road, Development Zone, Danyang City, Jiangsu Province (江蘇省丹陽市開發區 迎賓路 99 號)	43,288	22 June 2019	Contracted management	10 years since the opening

Table 1–6 Malls 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
Wuxi Wuzhou (無錫五洲)	No. 668, Qianqiaosheng'an West Road, Huishan District, Wuxi City (無錫市惠山區 錢橋盛岸西路 668 號)	76,621	1 May 2009	Contracted management	10 years since the contract took effect	Expiration of the entrusted management contract	March 2019
Guiyang Nanming (貴陽南明)	Within the Fuyuanmei Home Furnishing Market, No. 281, Youzha Street, Nanming District, Guiyang City, Guizhou Province (貴州省貴陽市南明區 油榨街 281 號富源美家居 市場內)	148,265	16 May 2009	Contracted management	Due on 31 May 2026	Relocation due to municipal construction	March 2019
Shandong Zhaoyuan (山東招遠)	No. 102, Wenquan Road, Zhaoyuan City, Yantai City, Shandong Province (山東省煙台市招遠市 溫泉路 102 號)	40,245	30 December 2017	Contracted management	10 years since the opening	Adjustment of operating mode of the partner	March 2019
Shijiazhuang Gucheng (石家莊古城)	No. 118, Gucheng East Road, North Waihuan, Chang'an District, Shijiazhuang City (石家莊市長安區北 外環古城東路 118 號)	78,849	19 September 2015	Contracted management	15 years since the opening	Partner was unable to continue the operation of the shopping mall due to financial difficulty	June 2019

Name	Address	Operating Area	Opening Date	Way of Contracting	Contract Period (Applicable to Leased and Managed Business Mode)	Reason for Closure	Time of Closure
Yinchuan Pingluo (銀川平羅)	West Side of Foundation Center Road, Light Industrial Park Zone, Pingluo County, Shizuishan City, Ningxia (寧夏石嘴山市平羅縣輕工業園區基地中心路西側)	41,049	15 June 2014	Contracted management	20 years since the opening	Liquidation of partner, who was unable to continue to hold the legal title of the property and operating license of the shopping mall	June 2019
Zhuji East 2nd Ring (諸暨東二環)	Cross of Xiang'an Road and East 2nd Ring Road, Zhuji City (諸暨市詳安路與東二環路交叉口)	46,547	26 May 2018	Contracted management	10 years since the opening	Unilateral breach of contract by the partner	June 2019

II. MALLS THAT ARE IN OPENING PREPARATION AS OF THE END OF THE FIRST HALF OF 2019

As of 30 June 2019, the Company has 32 pipeline Portfolio Shopping Malls (of which 23 are Owned Portfolio Shopping Malls and 9 are Leased Portfolio Shopping Malls), and the planned construction area amounted to approximately 4.10 million sq.m. (subject to the final construction areas as approved in the government permit documents). Among the pipeline Managed Shopping Malls, we have obtained land use rights/land parcels for 353 managed contractual projects.

III. REVENUE AND GROSS PROFIT MARGIN OF PORTFOLIO SHOPPING MALLS FOR THE FIRST HALF OF 2019

During the Reporting Period, the Portfolio Shopping Malls opened by the Company recorded revenue of RMB4,198,786,481.80, representing an increase of 10.5% as compared with the same period of last year; the gross profit margin was 79.1%, representing an increase of 1.2 percentage points as compared with the same period of 2018.

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

Operating Mode	Revenue (RMB)	Change as Compared to the Same Period (%)	Gross Profit Margin (%)	Gross Profit Margin Change as Compared to the Same Period of Last Year (%)
Owned Portfolio				increase of
Shopping Malls	3,326,982,598.25	10.1%	86.3%	1.6 percentage points
Leased Portfolio				increase of
Shopping Malls	623,107,193.00	21.9%	45.0%	2.0 percentage points
JV/Associate Portfolio				decrease of
Shopping Malls	248,696,690.55	-7.4%	67.9%	0.1 percentage point
Total:	<u>4,198,786,481.80</u>	<u>10.5%</u>	<u>79.1%</u>	<u>increase of 1.2 percentage points</u>

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

Location	Revenue (RMB)	Change as Compared to the Same Period (%)	Gross Profit Margin (%)	Gross Profit Margin Change as Compared to the Same Period of Last Year (%)
Beijing	469,944,847.54	0.9%	76.0%	increase of 1.2 percentage points
Shanghai	878,361,136.70	6.2%	91.2%	increase of 1.5 percentage points
Tianjin	115,439,471.19	-15.7%	79.2%	decrease of 1.9 percentage points
Chongqing	292,311,709.36	19.2%	81.1%	increase of 14.1 percentage points
Northeast China	432,869,188.67	7.6%	81.3%	decrease of 6.5 percentage points
East China (excluding Shanghai)	1,019,445,036.74	16.2%	74.5%	decrease of 0.2 percentage point
North China (excluding Beijing and Tianjin)	147,285,950.12	49.0%	56.1%	increase of 2.3 percentage points
South China	165,058,499.51	-1.7%	65.0%	increase of 8.8 percentage points
Central China	388,530,562.78	9.9%	77.2%	increase of 1.2 percentage points
West China (excluding Chongqing)	289,540,079.19	27.9%	80.5%	increase of 4.5 percentage points
Total:	<u>4,198,786,481.80</u>	<u>10.5%</u>	<u>79.1%</u>	<u>increase of 1.2 percentage points</u>

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.

Notice is hereby given.

By Order of the Board
Red Star Macalline Group Corporation Ltd.
GUO Binghe
Vice Chairman

Shanghai, the PRC
26 August 2019

As at the date of this announcement, the executive directors of the Company are CHE Jianxing, GUO Binghe, CHE Jianfang and JIANG Xiaozhong; the non-executive directors are CHEN Shuhong and XU Guofeng; and the independent non-executive directors are QIAN Shizheng, LEE Kwan Hung, Eddie, WANG Xiao and ZHAO Chongyi.