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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 QUARTER OF 2020

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 Report for the First Quarter of 2020 by the Listed Companies (《關於做好上市公司 2020 年第一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 quarter of 2020 (the “**Reporting Period**”) as follows:

As of 31 March 2020, the Company operated 87 Portfolio Shopping Malls, 249 Managed Shopping Malls and 12 home furnishing shopping malls through strategic cooperative operation. In addition, the Company opened 46 franchised home improvement material projects by way of franchising, which includes a total of 428 home improvement material stores/industry streets.

I. CHANGES IN MALLS FOR THE FIRST QUARTER OF 2020

During the Reporting Period, no Portfolio Shopping Mall or Managed Shopping Mall of the Company was increased and one Managed Shopping Mall was closed, situated in Hegang, Heilongjiang 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 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 |
| Owned | Beijing | 3 | 226,567 | | | | | | | | | 3 | 226,600 |
| Owned | Shanghai | 7 | 903,540 | | | | | | | | | 7 | 904,102 |
| Owned | Tianjin | 4 | 455,563 | | | | | | | | | 4 | 456,150 |
| Owned | Chongqing | 3 | 249,735 | | | | | | | | | 3 | 250,493 |
| Owned | Northeast China | 10 | 1,044,303 | | | | | | | | | 10 | 1,024,842 |
| Owned | North China (excluding Beijing and Tianjin) | 2 | 168,615 | | | | | | | | | 2 | 168,680 |
| Owned | East China (excluding Shanghai) | 12 | 1,471,404 | | | | | | | | | 12 | 1,470,649 |
| Owned | Central China | 4 | 501,415 | | | | | | | | | 4 | 501,415 |
| Owned | South China | 2 | 116,201 | | | | | | | | | 2 | 116,201 |
| Owned | West China (excluding Chongqing) | 6 | 558,637 | | | | | | | | | 6 | 558,412 |
| Total: | | 53 | 5,695,981 | | | | | | | | | 53 | 5,677,545 |

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) | 3 | 247,700 | | | | | | | | | 3 | 247,723 |
| JV/Associate | Central China | | | | | | | | | | | | |
| JV/Associate | South China | 1 | 15,817 | | | | | | | | | 1 | 15,817 |
| JV/Associate | West China (excluding Chongqing) | 1 | 89,215 | | | | | | | | | 1 | 89,215 |
| Total: | | 5 | 352,732 | | | | | | | | | 5 | 352,755 |

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 | 115,285 | | | | | | | | | 1 | 117,518 |
| Leased | Shanghai | | | | | | | | | | | | |
| Leased | Tianjin | | | | | | | | | | | | |
| Leased | Chongqing | 2 | 133,586 | | | | | | | | | 2 | 133,586 |
| Leased | Northeast China | 1 | 102,785 | | | | | | | | | 1 | 102,785 |
| Leased | North China (excluding Beijing and Tianjin) | 8 | 396,305 | | | | | | | | | 8 | 396,327 |
| Leased | East China (excluding Shanghai) | 10 | 492,236 | | | | | | | | | 10 | 492,632 |
| Leased | Central China | 4 | 307,468 | | | | | | | | | 4 | 307,469 |
| Leased | South China | 2 | 103,264 | | | | | | | | | 2 | 103,271 |
| Leased | West China (excluding Chongqing) | 1 | 37,201 | | | | | | | | | 1 | 37,201 |
| Total: | | 29 | 1,688,131 | | | | | | | | | 29 | 1,690,789 |

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 | 112,757 | | | | | | | | | 1 | 112,736 |
| Managed | Shanghai | | | | | | | | | | | | |
| Managed | Tianjin | 3 | 175,490 | | | | | | | | | 3 | 177,709 |
| Managed | Chongqing | 6 | 205,859 | | | | | | | | | 6 | 206,164 |
| Managed | Northeast China | 16 | 772,922 | | | | | 1 | 25,400 | | | 15 | 747,879 |
| Managed | North China (excluding Beijing and Tianjin) | 29 | 1,604,884 | | | | | | | | | 29 | 1,623,758 |
| Managed | East China (excluding Shanghai) | 105 | 6,030,080 | | | | | | | | | 105 | 6,038,996 |
| Managed | Central China | 35 | 1,681,350 | | | | | | | | | 35 | 1,683,343 |
| Managed | South China | 12 | 616,266 | | | | | | | | | 12 | 611,794 |
| Managed | West China (excluding Chongqing) | 43 | 2,050,498 | | | | | | | | | 43 | 2,076,301 |
| Total: | | 250 | 13,250,106 | | | | | 1 | 25,400 | | | 249 | 13,278,678 |

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 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 |
|---------------------------|--|----------------|--------------------|--------------------------|---|--------------------------------------|-----------------|
| Hegang Gongnong (鶴崗工農) | Red Star Macalline, Xijiefang Road, Gongnong District, Hegang City, Heilongjiang Province (黑龍江省鶴崗市工農區 西解放路紅星美凱龍) | 25,400 | 25 October 2010 | Contracted management | 15 years since the opening | Closed upon mutual negotiation | March 2020 |

II. MALLS THAT ARE IN OPENING PREPARATION FOR THE FIRST QUARTER OF 2020

As of 31 March 2020, the Company has 33 pipeline Portfolio Shopping Malls (of which 24 are Owned Portfolio Shopping Malls and 9 are Leased Portfolio Shopping Malls), and the planned construction area amounted to approximately 4.09 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 355 managed contractual projects.

III. REVENUE AND GROSS PROFIT MARGIN OF PORTFOLIO SHOPPING MALLS FOR THE FIRST QUARTER OF 2020

During the Reporting Period, the Portfolio Shopping Malls opened by the Company recorded revenue of RMB1,481,340,735.60, representing a decrease of 27.9% as compared with the same period of last year; the gross profit margin was 73.5%, representing a decrease of 4.8 percentage points as compared with the same period of 2019.

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 (%) | Gross Profit Margin Change as Compared to the Same Period of Last Year (Percentage Point) |
|---------------------------------------|--------------------------------|---|-------------------------|---|
| Owned Portfolio Shopping Malls | 1,181,226,549.61 | -27.4% | 82.9% | Decrease of 2.6 percentage points |
| Leased Portfolio Shopping Malls | 223,025,546.98 | -23.3% | 31.0% | Decrease of 12.0 percentage points |
| JV/Associate Portfolio Shopping Malls | 77,088,639.01 | -43.5% | 52.4% | Decrease of 15.4 percentage points |
| Total: | <u>1,481,340,735.60</u> | <u>-27.9%</u> | <u>73.5%</u> | <u>Decrease of 4.8 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**

Unit: RMB

| Location | Revenue | Change as Compared to the Same Period (%) | Gross Profit Margin (%) | Gross Profit Margin Change as Compared to the Same Period of Last Year (Percentage Point) |
|---|--------------------------------|--|-------------------------------|---|
| Beijing | 130,639,218.79 | -42.1% | 72.8% | Decrease of 4.5 percentage points |
| Shanghai | 321,643,246.64 | -26.0% | 88.6% | Decrease of 1.6 percentage points |
| Tianjin | 39,756,520.57 | -31.8% | 72.0% | Decrease of 5.9 percentage points |
| Chongqing | 93,419,577.09 | -35.3% | 76.4% | Decrease of 5.2 percentage points |
| Northeast China | 130,786,742.51 | -36.9% | 73.3% | Decrease of 7.1 percentage points |
| East China (excluding Shanghai) | 414,277,654.67 | -16.0% | 70.2% | Decrease of 3.8 percentage points |
| North China (excluding Beijing and Tianjin) | 60,500,714.58 | -2.9% | 42.4% | Decrease of 18.0 percentage points |
| South China | 37,859,109.71 | -58.4% | 45.2% | Decrease of 13.3 percentage points |
| Central China | 124,953,393.04 | -34.1% | 70.6% | Decrease of 3.5 percentage points |
| West China (excluding Chongqing) | 127,504,558.00 | -14.4% | 71.2% | Decrease of 7.7 percentage points |
| Total: | <u>1,481,340,735.60</u> | <u>-27.9%</u> | <u>73.5%</u> | <u>Decrease of 4.8 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 is 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
29 April 2020

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, XU Guofeng, JING Jie and XU Hong; and the independent non-executive Directors are QIAN Shizheng, LEE Kwan Hung, Eddie, WANG Xiao and ZHAO Chongyi.