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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 THIRD 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 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 2020 Third Quarter Report by the Listed Companies (《關於做好上市公司2020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 third quarter of 2020 (the “**Reporting Period**”) as follows:

As of 30 September 2020, the Company operated 89 Portfolio Shopping Malls, 255 Managed Shopping Malls, and 11 home furnishing malls through strategic cooperation. In addition, the Company opened 58 franchised home improvement material projects by way of franchising, which includes a total of 447 home improvement material stores/industry streets.

I. CHANGES IN MALLS FOR THE THIRD QUARTER OF 2020

During the Reporting Period, the net increase in the number of Portfolio Shopping Malls was two, in which, two were newly opened shopping malls, situated in Kunshan, Jiangsu Province and Zibo, Shandong Province, and one shopping mall in Shenyang, Liaoning Province, was closed and one shopping mall in Wuhan, Hubei Province, was transferred from Managed Shopping Mall to Portfolio Shopping Mall. The net increase in the number of Managed Shopping Malls was five, in which 12 were newly-opened shopping malls, situated respectively in Changde, Hunan Province, Bozhou, Anhui Province, Baoding, Hebei Province, Jishou, Hunan Province, Laiyang, Shandong Province, Cangzhou, Hebei Province, Lhasa, Tibet, Yancheng, Jiangsu Province, Wuxi, Jiangsu Province, Suzhou, Anhui Province, Yongzhou, Hunan Province, Chongqing, and six shopping malls were closed, which were situated respectively in Hegang, Heilongjiang Province, Shouguang, Shandong Province, Dalian, Liaoning Province, Changsha, Hunan Province, Hengshui, Hebei Province, Langfang, Hebei 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	226,567									3	226,359
Owned	Shanghai	7	903,540									7	905,175
Owned	Tianjin	4	455,563									4	457,157
Owned	Chongqing	3	249,735									3	250,695
Owned	Northeast China	10	1,044,303									10	1,030,555
Owned	North China (excluding Beijing and Tianjin)	2	168,615									2	168,552
Owned	East China (excluding Shanghai)	12	1,471,404	1	33,154							13	1,500,453
Owned	Central China	4	501,415									4	501,513
Owned	South China	2	116,201									2	116,201
Owned	West China (excluding Chongqing)	6	558,637									6	557,072
Total:		53	5,695,981	1	33,154							54	5,713,732

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 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
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	247,874
JV/Associate	Central China												
JV/Associate	South China	1	15,817									1	15,822
JV/Associate	West China (excluding Chongqing)	1	89,215									1	89,268
Total:		5	352,732									5	352,964

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 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
Leased	Beijing	1	115,285									1	117,369
Leased	Shanghai												
Leased	Tianjin												
Leased	Chongqing	2	133,586									2	132,752
Leased	Northeast China	1	102,785					1	102,785				
Leased	North China (excluding Beijing and Tianjin)	8	396,305									8	441,017
Leased	East China (excluding Shanghai)	10	492,236	1	51,188							11	544,912
Leased	Central China	4	307,468			1	102,212					5	409,680
Leased	South China	2	103,264									2	103,345
Leased	West China (excluding Chongqing)	1	37,201									1	37,623
Total:		29	1,688,131	1	51,188	1	102,212	1	102,785			30	1,786,697

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 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
Managed	Beijing	1	112,757									1	112,885
Managed	Shanghai												
Managed	Tianjin	3	175,490									3	178,155
Managed	Chongqing	6	205,859	1	28,347							7	234,511
Managed	Northeast China	16	772,922					2	56,173			14	714,662
Managed	North China (excluding Beijing and Tianjin)	29	1,604,884							1	28,184	28	1,542,599
Managed	East China (excluding Shanghai)	105	6,030,080	5	171,902			1	37,278			109	6,189,949
Managed	Central China	35	1,681,350	5	161,490			3	98,764	1	102,212	36	1,711,670
Managed	South China	12	616,266									12	624,239
Managed	West China (excluding Chongqing)	43	2,050,498	1	61,179	1	29,889					45	2,178,700
Total:		250	13,250,106	12	422,919	1	29,889	6	192,214	2	130,395	255	13,487,371

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

Note 2: Malls Transferred into Other Business Mode: one mall was changed from a Managed Shopping Mall to a Leased Portfolio Shopping Mall.

Malls Transferred from Other Business Mode: one mall was changed from a franchised home improvement material project to a Managed Shopping Mall.

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

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

						<i>Unit: m²</i>
Name	Address	Operating Area	Opening Date	Way of Contracting	Construction Cost (RMB)	
Kunshan Qianjin Road (昆山前進路)	No.505 Qianjin West Road, Kunshan City, Suzhou City (蘇州市昆山市前進西路505號)	33,154	20 June 2020	Acquisition	313,457,252.62	
Name	Address	Operating Area	Opening Date	Way of Contracting	Contract Period (Applicable to Leased and Managed Business Mode)	
Changde Dongxing (常德東星)	No.3980 Changde Avenue, Zhugentan Community, Nanping Street, Wuling District, Changde City(常德市武陵區南坪街道竹根潭社區常德大道3980號)	31,600	15 June 2020	Contracted management	10 years since the opening	
Zibo Ogloria (淄博歐麗洛雅)	Red Star Ogloria Shopping Mall, No.169 Liantong Road, Zhangdian District, Zibo City, Shandong Province (山東省淄博市張店區聯通路169號紅星歐麗洛雅商場)	51,188	28 September 2020	Leased	20 years since the commencement of the lease	
Bozhou Shaohua Road (亳州芍花路)	Building A23, Yidu International Mall, Intersection of Huatuo Avenue and Shaohua Road, Qiaocheng District, Bozhou City, Anhui Province (Red Star Macalline Bozhou Shaohua Road Shopping Mall) (安徽省亳州市譙城區華佗大道與芍花路交叉口億都國際商城A23號樓(紅星美凱龍亳州芍花路商場))	34,439	18 July 2020	Contracted management	12 years since the opening	
Quyang Nanhuan (曲陽南環)	Red Star Macalline, Intersection of Nanhuan Road and Chaoyang Street, Hengzhou Town, Quyang County, Baoding City, Hebei Province (河北省保定市曲陽縣恒州鎮南環路與朝陽街交口紅星美凱龍)	19,269	18 July 2020	Contracted management	10 years since the opening	
Jishou Qianzhou (吉首乾州)	Yanzi Road, Shizi Community, Qianzhou Office, Jishou City, Xiangxi Autonomous Prefecture, Hunan Province (Former Farmers' Market) (湖南省湘西自治州吉首市乾州辦事處獅子社區燕子路(原農貿市場))	56,150	30 July 2020	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)
Laiyang Longmen (萊陽龍門)	No.470, Longmen West Road, Laiyang City, Yantai City, Shandong Province (山東省煙台市萊陽市龍門西路470號)	59,145	1 September 2020	Contracted management	5 years since the contract took effect
Cangzhou Yanshan (滄州鹽山)	Intersection of Qiantong Street and Tai'an Road, Yanshan County, Cangzhou City, Hebei Province (河北省滄州市鹽山縣千童大街與泰安路交口)	21,406	12 September 2020	Contracted management	10 years since the opening
Lhasa Dunzhu (拉薩頓珠)	Red Star Macalline, Dunzhu Financial City, Liuwu New District, Lhasa City, Tibet Autonomous Region (西藏自治區拉薩市柳梧新區頓珠金融城紅星美凱龍)	61,179	19 September 2020	Contracted management	10 years since the opening
Yancheng Fangong Road (鹽城范公路)	Red Star Grand Home Mall, No.269 Kaifang Avenue, Yancheng City, Jiangsu Province (江蘇省鹽城市開放大道269號紅星至尊家居MALL)	21,306	26 September 2020	Contracted management	10 years since the opening
Huishan City Railway (惠山城鐵)	No.1777 Zhonghui Avenue, Huishan District, Wuxi City, Jiangsu Province (江蘇省無錫市惠山區中惠大道1777號)	31,308	29 September 2020	Contracted management	Due to expire on 6 April 2024
Si County Huayuan Road (泗縣花園路)	Intersection of Huayuan Road and Hongxiang Road, Si County, Suzhou City, Anhui Province (安徽省宿州市泗縣花園路與虹鄉路交匯處)	25,704	30 September 2020	Contracted management	10 years since the opening
Qiyang Huanxing (祁陽環星)	Red Star Macalline Shopping Mall, Qiyang Avenue, Qiyang County, Yongzhou City, Hunan Province (湖南省永州市祁陽縣祁陽大道紅星美凱龍商場)	33,065	30 September 2020	Contracted management	10 years since the opening
Chongqing Jiangjin (重慶江津)	19-5, No. 5 South Section of North-South Avenue, Degan Street, Jiangjin District, Chongqing City (重慶市江津區德感街道南北大道南段5號19-5)	28,347	30 September 2020	Contracted management	10 years since the opening

Table 1–6 Mall Closures 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	Closure by mutual agreement between both parties	March 2020
Shenyang Dadong (瀋陽大東)	No.22, Pangjiang Street, Dadong District, Shenyang City, Liaoning Province (遼寧省瀋陽市大東區滂江街22號)	102,785	30 September 2010	Leased	Due to expire on 31 May 2022	Due to strategy adjustment, the Company chose to close the mall after careful consideration	May 2020
Shouguang Caidu (壽光菜都)	Opposite New Bus Station, Wensheng Street, Shouguang City, Shandong Province (山東省壽光市文聖街新汽車站對面)	37,278	6 June 2014	Contracted management	10 years since the opening	The partner was bankrupt and was unable to continue to have the legal ownership and the right of management of the mall properties	June 2020
Dalian Jinzhou (大連金州)	No.42 Yongle Jinting, Guangming Street, Jinzhou District, Dalian City, Liaoning Province (遼寧省大連市金州區光明街道永樂金庭42號)	30,773	31 August 2017	Contracted management	10 years since the opening	The partner defaulted, and we terminated the contract by sending a letter and withdrew from the mall	June 2020
Changsha Yong'an (長沙永安)	3F, Building A6, Boda Central Plaza, Yongming Road, Liuyang High-tech Development Zone, Changsha City, Hunan Province (湖南省長沙市瀏陽高新技術開發區永明路博大中央廣場A6棟三樓)	9,498	29 December 2017	Contracted management	10 years since the opening	Closure by mutual agreement between both parties	June 2020
Hebei Hengshui (河北衡水)	No.2236 Hongqi Street, Taocheng District, Hengshui City, Hebei Province (河北省衡水市桃城區紅旗大街2236號)	56,274	24 December 2016	Contracted management	Due to expire on 31 March 2020	Expiration of the entrusted management contract and the parties failed to reach an agreement on the renewal	July 2020
Langfang Second Store (廊坊二店)	14# Mall, Rongsheng Huafu, Guangyang District, Langfang City, Hebei Province (河北省廊坊市廣陽區榮盛華府14#商城)	32,991	30 June 2017	Contracted management	Due to expire on 30 September 2020	Expiration of the entrusted management contract	September 2020

II. MALLS THAT ARE IN OPENING PREPARATION AS OF THE END OF THE THIRD QUARTER OF 2020

As of 30 September 2020, the Company has 31 pipeline Portfolio Shopping Malls (of which 25 are Owned Portfolio Shopping Malls and 6 are Leased Portfolio Shopping Malls), and the planned construction area amounted to approximately 4.20 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 340 managed contractual projects.

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

During the Reporting Period, the Portfolio Shopping Malls opened by the Company recorded revenue of RMB5,001,601,782.05, representing a decrease of 20.1% as compared with the same period of last year; the gross profit margin was 77.7%, representing a decrease of 1.6 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

Mode of Operation	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	4,078,109,685.83	-18.3%	86.0%	a decrease of 0.6 percentage points
Leased Portfolio Shopping Malls	725,996,456.23	-22.3%	36.1%	a decrease of 10.3 percentage points ^{Note 2}
JV/Associate Portfolio Shopping Malls	197,495,639.99	-40.2%	58.7%	a decrease of 3.4 percentage points
Total:	5,001,601,782.05	-20.1%	77.7%	a decrease of 1.6 percentage points

Note 1: Malls listed above are Portfolio Shopping Malls opened as at the end of each period (including JV/Associate Portfolio Shopping Malls).

Note 2: During the epidemic, the shopping malls have implemented rent-free policy for their tenants, resulting in a period-on-period decrease in the gross profit margin of Leased 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	489,891,272.68	-31.2%	74.0%	a decrease of 3.5 percentage points
Shanghai	1,105,299,425.93	-16.1%	89.7%	a decrease of 0.5 percentage points
Tianjin	119,941,124.42	-29.6%	74.4%	a decrease of 4.7 percentage points
Chongqing	330,266,562.28	-25.0%	80.5%	a decrease of 1.1 percentage points
Northeast China	477,040,295.22	-26.3%	85.0%	an increase of 2.6 percentage points
East China (excluding Shanghai)	1,379,452,667.86	-9.7%	74.8%	a decrease of 1.8 percentage points
North China (excluding Beijing and Tianjin)	205,967,920.43	-8.9%	50.8%	a decrease of 3.3 percentage points
South China	118,137,964.35	-39.9%	51.1%	a decrease of 10.1 percentage points ^{Note 2}
Central China	397,979,520.58	-31.7%	69.9%	a decrease of 7.8 percentage points
West China (excluding Chongqing)	377,625,028.30	-13.7%	78.4%	a decrease of 2.4 percentage points
Total:	<u>5,001,601,782.05</u>	<u>-20.1%</u>	<u>77.7%</u>	<u>a decrease of 1.6 percentage points</u>

Note 1: Malls listed above are Portfolio Shopping Malls opened as at the end of each period (including JV/ Associate Portfolio Shopping Malls).

Note 2: The gross profit margin in South China declined period-on-period due to the closure of the Xiangmihu Shopping Mall.

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
30 October 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.