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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 IN 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 of the Company confirm that there are no false representations, misleading statements or material omission in this announcement, and they shall individually and collectively accept responsibility for the truthfulness, accuracy and completeness of the 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 First Quarterly Report by the Listed Companies (《關於做好上市公司2018年第一季度報告披露工作的通知》), the Company hereby announces the operating statistics of its principal business segments for the first quarter of 2018 (the “**Reporting Period**”) as follows:

I. SITUATION OF CHANGES IN STORES (I.E. MALLS, SAME AS BELOW) FOR THE FIRST QUARTER OF 2018

During the Reporting Period, there was no change in the number of Owned and Leased Portfolio Shopping Malls of the Company. Two new Managed Shopping Malls situated respectively in Chongqing City and Fuzhou City, Fujian Province were opened. One mall located in Tongxiang City, Zhejiang Province was closed.

(I) Situation of Changes in Malls during the Reporting Period

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

Unit : m²

| Mode of Operation | Location | Malls as at the beginning period | | New Malls | | Malls that Transferred from Other Business Mode | | Closed Malls | | Malls that 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 | 197,777 | | | | | | | | | 3 | 197,777 |
| Owned | Shanghai | 6 | 652,576 | | | | | | | | | 6 | 652,576 |
| Owned | Tianjin | 4 | 330,044 | | | | | | | | | 4 | 331,736 |
| Owned | Chongqing | 1 | 78,816 | | | | | | | | | 1 | 78,816 |
| Owned | Northeast China | 10 | 828,304 | | | | | | | | | 10 | 831,328 |
| Owned | North China (excluding Beijing, Tianjin) | 2 | 156,204 | | | | | | | | | 2 | 156,245 |
| Owned | East China (excluding Shanghai) | 14 | 1,368,813 | | | | | | | | | 14 | 1,374,359 |
| Owned | Central China | 4 | 434,492 | | | | | | | | | 4 | 442,037 |
| Owned | South China | 3 | 210,666 | | | | | | | | | 3 | 210,670 |
| Owned | West China (excluding Chongqing) | 4 | 279,937 | | | | | | | | | 4 | 280,216 |
| Total : | | 51 | 4,537,628 | | | | | | | | | 51 | 4,555,759 |

Note 1: Owned Portfolio Shopping Malls include associate/JV Portfolio Shopping Malls

Note 2: The discrepancies between total and sums of amounts in the table above are due to rounding

Table 1–2 Situation of Changes in Leased Portfolio Shopping Malls during the Reporting Period

Unit : m²

| Mode of Operation | Location | Malls as at the beginning period | | New Malls | | Malls that Transferred from Other Business Mode | | Closed Malls | | Malls that 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 | 85,117 |
| Leased | Shanghai | 1 | 50,258 | | | | | | | | | 1 | 50,258 |
| Leased | Tianjin | 0 | 0 | | | | | | | | | 0 | 0 |
| Leased | Chongqing | 2 | 188,742 | | | | | | | | | 2 | 188,742 |
| Leased | Northeast China | 1 | 82,204 | | | | | | | | | 1 | 82,204 |
| Leased | North China (excluding Beijing, Tianjin) | 4 | 206,633 | | | | | | | | | 4 | 206,612 |
| Leased | East China (excluding Shanghai) | 6 | 250,070 | | | | | | | | | 6 | 249,668 |
| Leased | Central China | 3 | 238,470 | | | | | | | | | 3 | 239,113 |
| Leased | South China | 1 | 35,798 | | | | | | | | | 1 | 35,830 |
| Leased | West China (excluding Chongqing) | 1 | 31,031 | | | | | | | | | 1 | 31,031 |
| Total : | | 20 | 1,168,325 | | | | | | | | | 20 | 1,168,576 |

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

Table 1–3 Situation of Changes in Managed Portfolio Shopping Malls during the Reporting Period

Unit : m²

| Mode of Operation | Location | Malls as at the beginning period | | New Malls | | Malls that Transferred from Other Business | | | | Malls that Transferred to Other Business | | Malls as at the end of the period | |
|-------------------|---|----------------------------------|------------------|--------------|----------------|--|--|----------|---------------|--|--|-----------------------------------|------------------|
| | | No. of Malls | Operating Area | No. of Malls | Operating Area | Mode | | Closed | | Mode | | No. of Malls | Operating Area |
| Managed | Beijing | 1 | 82,440 | | | | | | | | | 1 | 82,801 |
| Managed | Shanghai | 0 | 0 | | | | | | | | | 0 | 0 |
| Managed | Tianjin | 3 | 129,176 | | | | | | | | | 3 | 133,515 |
| Managed | Chongqing | 2 | 74,184 | 1 | 12,919 | | | | | | | 3 | 87,103 |
| Managed | Northeast China | 12 | 571,493 | | | | | | | | | 12 | 571,815 |
| Managed | North China (excluding Beijing, Tianjin) | 29 | 1,484,957 | | | | | | | | | 29 | 1,489,151 |
| Managed | East China (excluding Shanghai) | 82 | 4,335,566 | 1 | 12,496 | | | 1 | 36,748 | | | 82 | 4,315,033 |
| Managed | Central China | 19 | 926,921 | | | | | | | | | 19 | 926,946 |
| Managed | South China | 8 | 423,468 | | | | | | | | | 8 | 427,542 |
| Managed | West China (excluding Chongqing) | 29 | 1,403,570 | | | | | | | | | 29 | 1,434,133 |
| Total : | | 185 | 9,431,775 | 2 | 25,415 | | | 1 | 36,748 | | | 186 | 9,468,037 |

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

Table 1–4 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) |
|-----------------------------|---|----------------|-----------------|-----------------------|--|
| 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 |

Table 1–5. 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 |
|--------------------------|--|----------------|-------------------|-----------------------|--|-------------------------------|-----------------|
| Tongxiang Century (桐鄉世紀) | West Side of Century Avenue, Wutong Street, Tongxiang City (桐鄉市梧桐街道世紀大道西側) | 36,748 | 28 September 2008 | Contracted Management | Ten years since the effective date of the contract | Expiry of Contract Management | March 2018 |

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

As of 31 March 2018, the Company had 25 pipeline Portfolio Shopping Malls (of which 22 were Owned Portfolio Shopping Malls and 3 were Leased Portfolio Shopping Malls), and the planned construction area amounted to approximately 2.60 million 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 348 managed contractual projects.

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

During the Reporting Period, the portfolio shopping malls opened by the Company recorded revenue of RMB1,735,861,985.97, representing an increase of 9.8% as compared with the same period of last year; the gross profit margin was 78.7%, basically unchanged as compared with the same period of 2017.

Table 3–1 Operating Data 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 (%) |
|---------------------------------|--------------------------------|---|-------------------------|---|
| Owned Portfolio Shopping Malls | 1,427,165,737.93 | 8.5% | 86.3% | 0.5% |
| Leased Portfolio Shopping Malls | 308,696,248.04 | 16.5% | 43.2% | 0.0% |
| Total: | <u>1,735,861,985.97</u> | <u>9.8%</u> | <u>78.7%</u> | <u>0.0%</u> |

Note: Malls listed above are portfolio shopping malls opened as at the end of each period (excluding associates and joint ventures).

Table 3–2 Operating Data 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 (%) |
|--|----------------|--|--------------------------------|--|
| Beijing | 223,325,701.75 | 10.5% | 74.5% | 2.4% |
| Shanghai | 420,937,483.37 | 12.3% | 90.2% | 0.5% |
| Tianjin | 69,864,217.09 | -31.9% | 81.6% | -4.1% |
| Chongqing | 117,562,496.32 | 8.4% | 68.9% | 1.3% |
| Northeast China | 196,618,287.53 | 13.2% | 81.5% | 2.4% |
| North China (excluding Beijing, Tianjin) | 44,589,776.60 | 1.8% | 49.0% | -2.7% |
| East China (excluding Shanghai) | 422,852,340.54 | 19.7% | 76.2% | -2.8% |
| Central China | 171,818,472.66 | 3.2% | 75.8% | -2.8% |
| South China | 81,755,167.21 | 14.4% | 60.2% | -0.5% |
| West China (excluding Chongqing) | 117,227,964.93 | 10.2% | 74.9% | 1.9% |

Note: Malls listed above are portfolio shopping malls opened as at the end of each period (including associates and joint ventures).

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
26 April 2018

At the date of this announcement, the executive directors are CHE Jianxing, ZHANG Qi, 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.