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GOLDEN EAGLE RETAIL GROUP LIMITED

金鷹商貿集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 3308)

DISCLOSEABLE TRANSACTION

On 28 December 2014, Golden Eagle (China), a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendors and the Vendors' Guarantors pursuant to which Golden Eagle (China) will acquire 51% of the equity interest in the Target at a consideration of RMB1,286.0 million (equivalent to approximately HK\$1,626.2 million).

The Target owns the Property Project known as "Orient Gate" (東方之門), a world-class urban landmark building and a large scale commercial complex development project located in the center of Suzhou City, Jiangsu Province, the PRC, the central business district of the Singapore Suzhou Industrial Park and at the core of Suzhou Central Project, neighboring west of Jinji Lake.

As the applicable ratios as set out in Rule 14.07 of the Listing Rules in respect of the Acquisition are over 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

THE AGREEMENT

Date of the agreement

28 December 2014

Parties to the agreement

- (1) Golden Eagle (China), a wholly-owned subsidiary of the Company, which is principally engaged in the business of investment holding and the operation of department stores;
- (2) the Vendors; and
- (3) the Vendors' Guarantors

The Vendors are 楊休 (Mr. Yang Qiu*), 胡玉玲 (Ms. Hu Yuling*), and two companies, namely 南京東方投資集團有限公司 (Nanjing Oriental Investment Group Co., Ltd.*, "**Nanjing Oriental**") and 江蘇天地實業投資集團有限公司 (Jiangsu Tiande Industrial Investment Group Co., Ltd.*, "**Jiangsu Tiande**"), controlled by Mr. Yang Qiu. Nanjing Oriental and Jiangsu Tiande are principally engaged in the business of investment holding. To the best knowledge of the Directors, having made all reasonable enquiry, each of the Vendors (and in respect of the Vendor which is a corporate entity, its ultimate shareholders) is independent of and not connected with the Company and its connected persons.

Mr. Yang Qiu and Ms. Hu Yuling also act as the guarantors of all the obligations of the Vendors under the Agreement.

Subject matter

Pursuant to the Agreement, Golden Eagle (China) will acquire from the Vendors 51% of the equity interest in the Target.

Consideration

The aggregate consideration to be paid by Golden Eagle (China) in respect of the Acquisition will be RMB1,286.0 million (equivalent to approximately HK\$1,626.2 million).

The consideration was determined after arm's length negotiations between the parties with reference to (i) the net assets value of the Target as set out in its management account as at 30 November 2014, (ii) the value of the Property Project as estimated by the Company's internal assessment by comparing the value of neighbouring properties in the vicinity of the central business district of Singapore Suzhou Industrial Park, and (iii) the synergy effect that may be created through the Property Project and the retailing operations of the Group in Jiangsu Province, the PRC.

The consideration will be payable to the Vendors in accordance with the following schedule:

- (a) a refundable deposit of RMB300.0 million (equivalent to approximately HK\$379.4 million) will be payable to the Vendors upon the signing of the Agreement and before 30 December 2014, on the condition that the Vendors' Guarantors will pledge the 97.167% interest in Nanjing Oriental and all the equity interest in Jiangsu Tiande held by them to Golden Eagle (China) and complete the registration of such pledges within 30 days from the signing of the Agreement;
- (b) an aggregate amount of RMB400.0 million (equivalent to approximately HK\$505.8 million) will be payable within 7 business days from the transfer of the 51% equity interest in the Target from the Vendors to Golden Eagle (China) to the payee(s) designated by the Vendors; and
- (c) the balance of the consideration of RMB586.0 million (equivalent to approximately HK\$741.0 million) will be payable in four equal installments to the Vendors on a quarterly basis within one year from the transfer of the 51% equity interest in the Target from the Vendors to Golden Eagle (China).

The consideration will be satisfied by the internal resources of the Group.

Condition precedent

The Agreement is conditional upon the Company having complied with the requirements of the Listing Rules with respect to the Acquisition.

Reorganisation of the Target

The registered capital of the Target is currently RMB1,200.0 million and is held as to 50% by the Vendors and as to 50% by 北京融普唐投資中心 (Beijing Rongputang Investment Centre, "**Beijing Rongputang**"), a limited partnership that is principally engaged in investment.

Upon the signing of the Agreement, Golden Eagle (China) will assist the Target to procure new bank financing of RMB3,000.0 million to repay the current indebtedness of the Target of approximately RMB2,367.0 million as at 30 November 2014 and release the pledged 50% interest in the Target held by Beijing Rongputang back to the Vendors. The Target will then reduce the registered capital of the Target from RMB1,200.0 million to RMB600.0 million, upon which the Vendors will transfer 51% of the equity interest in the Target to Golden Eagle (China).

Termination

The Agreement may be terminated (a) by mutual written agreement between Golden Eagle (China) and the Vendors, or (b) upon the occurrence of an event of force majeure that would render the transactions contemplated under the Agreement no longer being able to implement.

If, after the payment of the deposit of RMB300.0 million, (a) the Vendors terminate the Agreement (with the exception of an event of force majeure), (b) the Vendors fail to implement the Agreement (including but not limited to the Vendors' Guarantors failing to register the pledges of their interests in Nanjing Oriental and Jiangsu Tiande to Golden Eagle (China)), (c) the financial information of the Target and/or the information in relation to the Property Project provided by the Vendors was found to be false, untrue, incomplete or there exist material omission, then the Vendors will be obliged to pay Golden Eagle (China) within 7 business days of the confirmation of such an event a sum equivalent to twice the amount of the deposit paid, and repay any other sums paid by Golden Eagle (China).

If, after the payment of the deposit of RMB300.0 million, Golden Eagle (China) terminates the Agreement (with the exception of an event of force majeure or the occurrence of the event described in the following paragraph), then the Vendors will not be required to refund the deposit to Golden Eagle (China).

If, after the payment of the deposit of RMB300.0 million, Golden Eagle (China) failed to procure new financing to refinance the Target and render the transfer of the 51% equity interest in the Target to Golden Eagle (China) as contemplated under the Agreement cannot be implemented, or that the Company failed to secure the necessary approval under the Listing Rules with respect to the Agreement, then the Vendors will be obliged to refund the deposit paid by Golden Eagle (China) within 7 business days of the confirmation of such an event.

Guarantee

The Vendors warrant that the revenue from the sale of the tower block of the Property Project with a saleable area of approximately 200,000 square meters, comprising residential and apartments of approximately 141,000 square meters, office of approximately 26,000 square meters, and commercial and amenities of approximately 33,000 square meters, will not be less than RMB7,000.0 million (equivalent to approximately HK\$8,851.8 million). The Vendors will make up any shortfall in revenue with the settlement to be made before 31 January 2020. The Vendors further warrant that the sale of the Property Project for a period from 1 January 2015 to 30

June 2018 will not be less than 109,000 square meters and sales revenue of not be less than RMB4,000.0 million (equivalent to approximately HK\$5,058.2 million). The Vendors will make up any shortfall in revenue with settlement to be made before 31 July 2018.

INFORMATION ON THE TARGET AND THE PROPERTY PROJECT

The Target is a limited liability company established in the PRC on 1 August 2003. It is a project company established for the development of the Property Project. The Property Project is a property development known as “Orient Gate” (東方之門), a world-class urban landmark building and a large scale commercial complex development project located in the center of Suzhou City, Jiangsu Province, the PRC, the central business district of the Singapore Suzhou Industrial Park and at the core of Suzhou Central Project, neighbouring west of Jinji Lake.

The Property Project is a large scale multi purposes property development. The Property Project has a total construction area of approximately 455,000 square meters, comprising residential apartments, offices, commercial and amenities, hotel, and 1,880 car parking spaces. Construction is underway and it is expected that the first phase of the development will be ready for occupation in late 2015.

Financial information of the Target

The following information is extracted from the audited financial statements of the Target prepared in accordance with the accounting principle generally accepted in the PRC for the two financial years ended 31 December 2012 and 2013:

	For the year ended	
	31 December	
	2012	2013
	<i>RMB'000</i>	<i>RMB' 000</i>
Loss before and after taxation	33,848	43,518

As at 30 November 2014, the Target had net assets of approximately RMB989,087,000 which is extracted from the management account of the Target prepared in accordance with the accounting principle generally accepted in the PRC.

Board composition of the Target

Upon Completion, the board of directors of the Target will be reorganized to comprise seven members, four of which will be appointed by Golden Eagle (China) and three members of the board will be appointed by the Vendors. The quorum for the board of the Target will be two-third of the directors of the Target and resolutions of the board may only be passed upon approval by not less than two-third of the directors present or by proxy. Mr. Yang Qiu will be appointed the chairman of the board of the Target, and the chairman will not have a casting vote.

Upon Completion, Golden Eagle (China) will be interested in 51% of the Target. As resolutions of the board of the Target may only be passed upon approval by not less than two-third of the directors of the Target, the Company does not control the board of the Target and the Target will become a jointly controlled entity of the Group. The financial results of the Target will not be consolidated with the financial results of the Group and will be equity accounted for by the Company.

REASONS FOR THE TRANSACTION

The Group is principally engaged in the development and operation of stylish premium department store chain in the PRC.

The Property Project is situated in the center of Suzhou City, Jiangsu Province, the PRC, the central business district of the Singapore Suzhou Industrial Park and at the core of Suzhou Central Project, neighboring west of Jinji Lake. It is also situated at the intersection of the two underground urban subways. It is a highly artistic urban landmark of world-class quality. With a height of 301.8 meters and a total construction area of approximately 455,000 square meters, the Property Project houses commercial, luxury hotel, 5A offices, top floor Sky Suzhou Garden, world cuisine, entertainment and top class residential apartments, and is of significant commercial value.

After the completion of the Acquisition and the relevant construction works, the Target will dispose of approximately 200,000 square meters of the saleable area, which comprises residential apartments, offices and a portion of the commercial and amenities area, and retain the remaining area of approximately 255,000 square meters as self-owned properties, includes approximately 100,000 square meters of commercial and amenities, approximately 50,000 square meters of luxury hotel and 1,880 car parking spaces. The Vendors have warranted that the revenue for the sale of the saleable area of the Property Project will not be less than RMB7,000.0 million, which secured the cash inflow to be generated by the Target on the sale of the

saleable part of the Property Project and to achieve the Group's development strategy of obtaining high-quality premises at prime location at low cost which allows the Group to operate in a long-term cost-effective manner. The Target will use the remaining area for department store and hotel operations.

After the entering into of this agreement, the Property Project will relate closely with the 136,000 square meters property project in the core of the central business district of Suzhou New & Hi-tech Zone which was already acquired by the Group. These two projects, which are situated in the eastern and western business districts of Suzhou City, together with the Group's Suzhou Kunshan project and Suzhou Wujiang project, will allow the Group to own and operate close to approximately 767,000 square meters of high quality properties in the core business districts of Suzhou, thereby basically established the Group's leading position in Suzhou City. The Board also considers that to solidify the Group's leading position in Suzhou City, which is the most developed city in Jiangsu Province and is also one of the most developed cities in China, will greatly benefit the consolidation and enlargement of the Group's leading position and competitiveness in the southern region of Jiangsu Province and even across the Province.

In view of the above, the Board believes that the entering into of the Agreement is thus in line with the business development strategy of the Group.

The Directors (including the independent non-executive Directors) consider that the Agreement has been entered into on normal commercial terms and that such terms are fair and reasonable so far as the Company and the Shareholders are concerned and that the entering into of the Agreement is in the interest of the Company and the Shareholders as a whole.

GENERAL

As the applicable ratios as set out in Rule 14.07 of the Listing Rules in respect of the Acquisition are over 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless otherwise requires:

“Acquisition”	the acquisition of 51% of the equity interest in the Target as contemplated under the Agreement;
“Agreement”	the agreement dated 28 December 2014 between Golden Eagle (China), the Vendors and the Vendors’ Guarantors;
“associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of directors of the Company;
“Company”	Golden Eagle Retail Group Limited 金鷹商貿集團有限公司, a company incorporated in the Cayman Islands, the securities of which are listed on the main board of the Stock Exchange;
“Completion”	completion of the Acquisition;
“Director(s)”	the director(s) of the Company;
“Golden Eagle (China)”	金鷹國際商貿集團(中國)有限公司 (Golden Eagle International Retail Group (China) Co., Ltd.*), a limited liability company established in the People’s Republic of China, a wholly-owned subsidiary of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“Property Project”	the property development known as the “Orient Gate” (東方之門), a world-class urban landmark building located in the central business district of the Singapore Suzhou Industrial Park, Suzhou City, Jiangsu Province, the PRC;

“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“Shareholder(s)”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target”	蘇州乾寧置業有限公司 (Suzhou Qianning Property Co., Ltd.*), a limited liability company established in the People’s Republic of China;
“Vendors”	楊休 (Mr. Yang Qiu*), 胡玉玲 (Ms. Hu Yuling*), and two companies, namely 南京東方投資集團有限公司 (Nanjing Oriental Investment Group Co., Ltd.*) and 江蘇天地實業投資集團有限公司 (Jiangsu Tiande Industrial Investment Group Co., Ltd.*);
“Vendors’ Guarantors”	Mr. Yang Qiu and Ms. Hu Yuling;
“%”	per cent.

For illustration purposes, amounts in RMB in this announcement have been translated into HK\$ at the rate of HK\$1.00 to RMB0.7908.

By Order of the Board
Golden Eagle Retail Group Limited
Wang Hung, Roger
Chairman

Hong Kong, 29 December 2014

As at the date of this announcement, the Board comprises one executive Director, namely Mr. Wang Hung, Roger, and three independent non-executive Directors, namely Mr. Wong Chi Keung, Mr. Wang Yao and Mr. Lay Danny J.

** for identification purpose only*