

[For Immediate Release]



GOLDEN EAGLE RETAIL GROUP LIMITED
金鷹商貿集團有限公司

Golden Eagle Announces 2013 Interim Results

Transformation towards a comprehensive lifestyle department store to enrich customers' shopping experience

SSSG maintained stable at 5.6% amidst economic downturn and fierce competition

	For the six months ended 30 June		
	2013 <i>RMB mn</i>	2012 <i>RMB mn</i>	Change
Gross Sales Proceeds ("GSP")	8,622.5	8,050.4	+7.1%
• Concessionaire sales	7,833.7	7,338.0	+6.8%
• Direct sales	738.1	664.8	+11.0%
• Rental income and management service fees	50.7	47.6	+6.7%
Revenue	1,831.0	1,800.7	+1.7%
Profit from operations	763.3	800.7	-4.7%
Profit attributable to owners of the Company	630.3	618.9	+1.8%
Basic earnings per share (RMB)	0.330	0.319	+3.4%

(19 August 2013 – Hong Kong) Golden Eagle Retail Group Limited ("Golden Eagle" or the "Company", together with its subsidiaries, the "Group"; Stock code: 3308), a premium department store chain in the PRC, announced today its unaudited interim results for the six months ended 30 June 2013.

During the first half of 2013, China's economy continued to face challenges stemming from the complicated and volatile national and international economic conditions. However, with the joint efforts of its staff, the Group still managed to achieve stable growth. During the period under review, the Group's GSP sustained a stable year-on-year growth of 7.1%, reaching RMB8.6 billion. Revenue amounted to RMB1.8 billion, representing an increase of 1.7% as compared to last year. Profit attributable to owners of the Company increased 1.8% to RMB630 million. Basic earnings per share amounted to RMB0.330, representing an increase of 3.4% as compared to last year. During the period under review, the Group's same store sales growth ("SSSG") remained at a stable level of 5.6%. The Board did not recommend an interim dividend for the six months ended 30 June 2013.

Mr. Roger Wang, Chairman of the Group, said, "Since 2013, we have been fully committed to implementing a comprehensive lifestyle department store concept by introducing more functions and amenities, such as food and beverage, leisure and entertainment, into majorities of our chain stores so as to fully exploit the operating results growth potential of these stores. We believe this adjustment can enrich customers' shopping experiences, which in turn, enhances customer loyalty and improves the operating results of the stores. This, together with the continued improvement and enhancement of existing chain stores by regional management, as well as other valued-added services, enable our stores to further solidify their leading position in the local mid-to-high end department store market of the respective cities."

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Despite the complicated and volatile economic situation, the increasing competitive market environment and the construction of Xinjiekou Store Phase II in the adjacent area, Nanjing Xinjiekou Store (the flagship store of the Group) recorded a moderate deceleration in SSSG of 2.6%, whilst Yangzhou Store and Xuzhou Store maintained SSSG of 4.8% and 7.0% respectively for the six months ended 30 June 2013. Furthermore, younger stores such as Nanjing Xianlin Store, Huaibei Store and Suqian Store, the new growth drivers of the Group's sales, have achieved remarkable SSSG of 39.8%, 34.5% and 46.6% respectively.

With increasing GSP contributions from younger stores, Nanjing Xinjiekou Store's contribution to GSP decreased from 23.5% to 21.4% while the aggregate contribution to GSP from three largest contributors, Nanjing Xinjiekou Store, Yangzhou Store and Xuzhou Store, decreased from 45.7% to 43.3%.

During the six months ended 30 June 2013, concessionaire sales contributed 90.9% (1H2012: 91.2%) of the Group's GSP, representing an increase of 6.8% from RMB7,338.0 million to RMB7,833.7 million, and direct sales contributed 8.6% (1H2012: 8.3%) of the Group's GSP, representing an increase of 11.0% from RMB664.8 million to RMB738.1 million.

Commission rate from concessionaire sales decreased to 17.2% (1H2012: 19.0%). The decrease was mainly due to (i) the relatively strong performance of certain product categories which carried lower commission rates, including gold and jewellery; (ii) the increase in sales contribution from younger stores which carried lower commission rates as compared with mature stores such as Nanjing Xinjiekou Store; and (iii) the increase in promotion activities in newly opened and weaker performance stores in order to attract traffic and build up market position. Gross profit margin from direct sales remains stable at 18.0% (1H2012: 17.7%). Overall gross profit margin from concessionaire sales and direct sales decreased to 17.3% (1H2012: 18.9%).

The Group has consistently been providing industry-leading value-added services to its VIP customers. Combining with the launch of the "goodee mobile App" (掌上金鹰) mobile phone application, the installation of free full WIFI coverage at the Group's chain stores since May 2013 where stores at Nanjing, Yancheng and Taizhou had already installed, the use of the wireless POS cash register system and the lead launch of the "Electronic VIP Card" had facilitate customers to get access to various VIP value-added services and to obtain comprehensive and attentive promotional information more easily and conveniently. As of 30 June 2013, the Group had approximately 1,070,000 VIP customers, which accounted for approximately 54.7% of the Group's total GSP, whereas sales from VIP customers at established stores on average exceeded 60.0% of the GSP for such stores.

In order to capture the market opportunities arising from the retail market in the PRC, the Group continued to maintain an established and steady pace of new store development. In the second half of 2013, the gross floor area ("GFA") of Changzhou Jiahong Store will be increased by approximately 18,000 square meters to approximately 51,500 square meters. With the expansion of the store and the expanding synergy effect with Wujin Store and Liyang Store, it will facilitate the Group to establish a leading position in the Changzhou market. While Xi'an Beicheng Store, the third chain store of the Group in Xi'an city, will also commence operation in late 2013. It is located in an emerging commercial centre in Xi'an with a GFA of approximately 62,500 square meters. The store will interact and coordinate with Xi'an Gaoxin Store and Xi'an Xiaozhai Store once it is opened and further reinforce the Group's strategic objective of "single city, multi stores" and characteristic store operation.

Based on the sites secured by the Group for its new store expansion, it is anticipated that these stores will increase the GFA of the Group's chain stores by over 1.5 million square meters in the next four to five years.

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Mr. Wang concluded, "Looking ahead, we are cautiously optimistic about China's economic development and growth of domestic consumption in the future. In the second half of the year, we will implement more proactive and effective measures to concentrate its efforts on shortening the ramp-up period and nurturing period of newly opened chain stores and explore ways for enhancing the sales performance and profitability of established old stores, so as to consolidate and reinforce the Group's leading position in the industry. In the next three years, we will continue to expand and solidify its market presence in Jiangsu, Anhui, Shaanxi and Yunnan Provinces through various models such as self-owned properties, long-term leased premises or via mergers and acquisitions to further reinforce our leading position in the industry, and will proactively identify co-operation and collaboration opportunities with leading enterprises in related industries. The Group will also continue to explore market opportunities in those provincial capital cities with strong economic growth potential with a view to further expanding the coverage of our chain store network. We believe that by leveraging our strong brand equity, prominent execution capability, sound financial position and loyal VIP customer base, the Group will be able to bring better returns to our shareholders."

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Company Information

Golden Eagle Retail Group Limited is principally engaged in the development and operation of a stylish premium department store chain in the PRC. The Group's department stores are characterized by "shop-in-shop" and customer-orientated concepts which offer quality merchandise and services, convenient shopping, and a comfortable and pleasurable environment for shoppers. The Group's department stores are located in prime shopping districts in their respective cities. The Group has been focusing on cities with strong economic growth potential, and has less intense competition. The Group currently operates 26 self-owned stores covering 15 cities with a total gross floor area of 1,092,419 square meters.

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