

[For Immediate Release]



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

Golden Eagle Announces 2012 Annual Results

**Revenue grew 12.6% to RMB3,622.9 million
SSSG maintained stable at 6.1% amidst economic downturn**

	For the year ended 31 Dec		
	2012 RMB mn	2011 RMB mn	Change
Gross Sales Proceeds ("GSP")	16,319.3	14,340.2	+13.8%
• Concessionaire sales	14,853.3	13,160.2	+12.9%
• Direct sales	1,371.6	1,119.6	+22.5%
• Rental income and management service fees	94.4	60.4	+56.3%
Revenue	3,622.9	3,216.9	+12.6%
Profit from operations	1,556.5	1,533.5	+1.5%
Profit attributable to owners of the Company	1,217.6	1,212.1	+0.5%
Basic earnings per share (RMB)	0.629	0.623	+1.0%
Final dividend per share (RMB)	0.188	0.188	-

(22 March 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 annual results for the year ended 31 December 2012.

During 2012, China's economy continued to face challenges stemming from the complicated and volatile national and international economic conditions. However, with joint efforts of its staff, the Group still managed to record steady improvements in its results. During the year, the Group's GSP sustained a stable year-on-year growth of 13.8%, reaching RMB16.3 billion. Revenue amounted to RMB3.6 billion, representing an increase of 12.6% as compared to last year. Profit attributable to owners of the Company increased 0.5% to RMB1.2 billion. Basic earnings per share amounted to RMB0.629, representing an increase of 1.0% as compared to last year. During the year, the Group's same store sales growth ("SSSG") remained at a stable level of 6.1%. The Board recommends a final dividend of RMB0.188 per share for the year ended 31 December 2012.

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Mr. Roger Wang, Chairman of the Group, said, "Through integrated merchandising and operation management, the Group's chain stores were able to carry out an extensive revamp of its brand and merchandise mix, while continuing to satisfy local consumers' demand for merchandise upgrade by introducing internationally renowned brands to major chain stores in the second and third-tier cities, with an aim to further enhance the Group's local brand image and market share. For example, Xuzhou Store and Yangzhou Store introduced brands such as COACH, CHANEL and CLARINS; Yancheng Store introduced SK-II and CLARINS; Taizhou Store introduced ESTEE LAUDER; whereas Huai'an Store introduced LANCOME and Kunming Store introduced LONGCHAMP. This had enable our stores to further solidify their leading position in the local mid-to-high end department store market of the respective cities."

In terms of the performance of existing stores, the Group has always placed great importance on the improvement and enhancement of existing chain stores. Despite the complicated and volatile economic situation, increasing competitive market environment and the construction of Xinjiekou Store Phase II next door, Nanjing Xinjiekou Store (the flagship store of the Group) recorded stable SSSG of 1.2%, whilst Yangzhou Store and Xuzhou Store generated SSSG of 5.3% and 1.2% respectively for the year of 2012. Furthermore, younger stores such as Nanjing Xianlin Store and Huaibei Store, the new growth driver of the Group's sales, have achieved remarkable SSSG of 58.8% and 46.0% respectively.

With increasing GSP contributions from younger stores, Nanjing Xinjiekou Store's contribution to GSP decreased from 25.5% to 22.6%, while the aggregate contributions to GSP from three largest contributors, including Nanjing Xinjiekou Store, Yangzhou Store and Xuzhou Store, decreased from 50.2% to 45.0%.

During 2012, concessionaire sales contributed to 91.0% (2011: 91.8%) of the Group's GSP, while the contribution of direct sales was 8.4% (2011: 7.8%).

Commission rate from concessionaire sales decreased to 18.6% (2011: 19.6%). The decrease was mainly due to (i) the relatively strong performance of certain product categories which carry lower commission rates, including consumer electronics, gold and jewellery; (ii) the increase in sales contribution from younger stores which carry lower commission rates as opposed to mature stores like Nanjing Xinjiekou Store; and (iii) the increase in the scale of promotion activities in newly opened and weaker stores in order to attract traffic and build up market position.

Gross profit margin from direct sales decreased to 17.8% (2011: 20.2%) as a result of (i) more discount initiatives on its direct sales products so as to provide good quality products with bargain price to the Group's loyal customers and to enhance traffic in the stores and (ii) the increase of 34.1% in supermarket sales, which generally carry lower gross profit margin, from RMB187.0 million to RMB250.7 million, as most of the Group's new stores operate larger scale boutique supermarkets as one of the value-added services offered to its customers. Combined gross profit margin from concessionaire sales and direct sales decreased to 18.5% (2011: 19.6%).

The Group continues to provide industry's most innovative and enhanced services for its VIP customers by launching the "goodee mobile App" (掌上金鷹) mobile phone application in December 2012 to provide personalised and distinguished service information such as VIP membership award points and shopping record enquiries, parking alerts, exclusive promotions and new products information etc. As of today, the application has been downloaded for over 80,000 times. As at the end of 2012, the Group had more than 1,170,000 VIP customers, which accounts for approximately 58.0% of the Group's total GSP, whereas sales from VIP customers at established stores exceeded 64.0% on average 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. During 2012, the Group opened a total of five new stores and added new retail space to Huaibei Store and Yancheng Store. Total gross floor area ("GFA") of the Group's chain stores increased by approximately 238,700 square meters. On 12 January 2012, three new stores of the Group commenced operation on the same day, including Kunming Nanya Store, Liyang Store and Xuzhou People's Square Store. On 18 May 2012, Yancheng Outlet commenced operation and introduced the "Outlet Mall" business model that has been successfully operating in Nanjing to Yancheng for the first time. Changzhou Wujin Store, commenced operation on 19 May 2012

Based on the locations secured by the Group for its store expansion, it is anticipated that these new stores will increase the GFA of the Group's chain stores by over 1.4 million square meters in the next four to five years.

Mr. Wang concluded, "Looking ahead, we remain cautiously optimistic about China's economic development and growth of domestic consumption in the future. In 2013, the Group will implement a series of proactive and effective measures to focus on shortening the ramp-up period and nurturing period of new stores to reach maturity, and also to explore ways to enhance the sales performance and profitability of existing stores. Moreover, we will continue to maintain an established and steady pace of new chain stores development. The Group will expand and solidify its market presence in Jiangsu, Anhui, Shaanxi and Yunnan Provinces through self-owned properties, long-term leased premises or via mergers and acquisitions, and proactively identify co-operation and collaboration opportunities with leading enterprises in related industries. In addition, we will also explore market opportunities in those provincial capitals with strong economic potential, so as to further expand the coverage of our chain store network. We believe that by leveraging on our strong brand equity, prominent execution capabilities, a loyal VIP customer base and sound financial position, the Group will be able to maintain its leading position in the industry and bring valuable 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 27 self-owned stores covering 16 cities with a total gross floor area of 1,107,377 square meters.

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