

[For Immediate Release]



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

Golden Eagle Announces 2013 Annual Results

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Developed a comprehensive lifestyle-one-stop shopping concept to enrich  
customers' shopping experience  
Actively implemented the O2O business model  
SSSG maintained stable at 2.9% amidst fragile recovery and fierce competition

	For the year ended 31 Dec		
	2013 RMB mn	2012 RMB mn	Change
Gross Sales Proceeds ("GSP")	16,833.1	16,319.3	+3.1%
• Concessionaire sales	15,276.0	14,853.3	+2.8%
• Direct sales	1,456.5	1,371.6	+6.2%
• Rental income	84.9	77.0	+10.1%
• Management service fees	15.7	17.4	-10.1%
Revenue	3,659.6	3,622.9	+1.0%
Profit from operations	1,515.2	1,556.5	-2.7%
Profit attributable to owners of the Company	1,235.0	1,217.6	+1.4%
Basic earnings per share (RMB)	0.656	0.629	+4.3%
Final dividend per share (RMB)	0.203	0.188	+8.0%

(18 March 2014 – 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 2013.

In 2013, global economic recovery, which was stimulated with expansionary monetary policies by governments around the world, was still fragile and slow. However, with the joint efforts of its staff, the Group still managed to achieve stable growth. During the year, the Group's GSP sustained a stable year-on-year growth of 3.1%, reaching RMB16.8 billion. Revenue amounted to RMB3.7 billion, representing an increase of 1.0% as compared to last year. Profit attributable to owners of the Company increased 1.4% to RMB1.24 billion. Basic earnings per share amounted to RMB0.656, representing an increase of 4.3% as compared to last year. During the year, the Group's same store sales growth ("SSSG") remained at a stable level of 2.9%. The Board recommends a final dividend of RMB0.203 per share for the year ended 31 December 2013.

Mr. Roger Wang, Chairman of the Group, said, "In order to capture the latest trends of diversified developments in the retailing industry and to satisfy the diversified consumption demands of our customers, the Group has been proactively developing a comprehensive lifestyle-one-stop shopping concept. We tried to further enrich the shopping experience and increase customers' loyalty and satisfaction by continuing to introduce more functions and amenities, such as food and beverage, leisure and entertainment, into majority of the chain stores. This strategy helped to increase the store's foot traffic and lengthen the customers' stay in time. We are confident that these measures will lead to enhanced operating results."

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Affected by 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 4.2%, whilst Yangzhou Store and Xuzhou Store maintained SSSG of 2.8% and 3.3% respectively for the year 2013. Furthermore, younger stores such as Yangzhou Jinghua Store, Nanjing Xianlin Store, Huaibei Store and Suqian Store, the new growth drivers of the Group's sales, have achieved remarkable SSSG of 28.2%, 33.7%, 28.4% and 44.5% respectively.

With increasing GSP contributions from younger stores, Nanjing Xinjiekou Store's contribution to GSP decreased from 22.6% to 21.0% while the aggregate contributions to GSP from three largest contributors, including Nanjing Xinjiekou Store, Yangzhou Store and Xuzhou Store, decreased from 45.0% to 43.3%.

During the year 2013, concessionaire sales contributed 90.8% (2012: 91.0%) of the Group's GSP, representing an increase of 2.8% from RMB14,853.4 million in 2012 to RMB15,276.0 million in 2013, and direct sales contributed 8.7% (2012: 8.4%) of the Group's GSP, representing an increase of 6.2% from RMB1,371.6 million to RMB1,456.5 million.

Commission rate from concessionaire sales decreased to 17.8% (2012: 18.6%). The decrease was mainly due to (i) the relatively strong sales performance of certain product categories which carried lower commission rates such as gold and jewellery; and (ii) the increase in sales contribution from younger stores which carried lower commission rates as compared to mature stores such as Nanjing Xinjiekou Store. Gross profit margin from direct sales remained stable at 18.3% (2012: 17.8%). Overall gross profit margin from concessionaire sales and direct sales decreased to 17.8% (2012: 18.5%).

In order to further enhance the Group's overall performance, the Group also actively implemented the O2O (Online to Offline) business model that is suitable to the Group's business development plans. On one hand, the Group fully utilised all marketing channels such as the Group's mobile phone application "goodee mobile App" (掌上金鹰), the Wechat social network platform, online award points redemption platform and integrated major customer database to provide timely, direct and effective marketing information to its customers. As at the end of 2013, the "goodee mobile App" application has over 1 million downloads, over 300,000 VIP members bundled their VIP cards with the "goodee mobile App" application and have recorded over 450,000 Wechat followers. Also, the Group actively promoted its cross-industry VIP loyalty services to provide more innovative and value-added quality services for all of its VIP customers. As at the end of 2013, the Group had about 1,270,000 VIP members, which accounted for approximately 56.2% of the Group's total GSP.

In order to capture the market opportunities arising from the retail market in the PRC, the Group continued to develop new stores at a steady pace. After having its gross floor area ("GFA") expanded to approximately 46,800 square meters, Changzhou Jiahong Lifestyle Centre and its new commercial annex commenced operation on 24 January 2014. By introducing an interactive new aquarium concept, a premium boutique supermarket and leisure dining facilities to its retail space, Changzhou Jiahong Store brought customers a brand new shopping experience, creating new momentum for its sales performance growth. Even more exciting is the opening of the Block B commercial annex of the Group's flagship Nanjing Xinjiekou Store scheduled to be opened in April 2014. The building is integrated seamlessly into the existing Xinjiekou Store in Block A with a space corridor, adding approximately 81,000 square meters of GFA to the property. The building is expected to significantly boost the sales performance at the Xinjiekou Store, reinforcing the Group's leading position in the Xinjiekou area in Nanjing.

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 1.4 million square meters in the next three years. Besides, the Group will adopt flexible approaches, such as entrusted management, to optimise the ways of securing new store location based on each location's unique characteristics so as to effectively reduce the preliminary operating risks of new stores. Furthermore, the Group will

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continue to focus on high-quality premises that are suitable for the comprehensive lifestyle-one-stop shopping concept, that the Group can operate steadily in a long term cost-effective manner with considerable scale and enriched service model.

Mr. Wang concluded, "Looking ahead, management remains cautiously optimistic about China's economic development and growth in domestic consumption in the future. In 2014, the Group will implement more proactive and effective measures to concentrate its efforts on shortening the ramp-up and nurturing period of new stores, exploring ways to enhance the sales performances of established stores in order to consolidate and reinforce the Group's leading position in the industry. These measures will primarily be reflected in the continuous optimisation of O2O (Online to Offline) business model and the implementation of omni-channel marketing and electronicalised business model. The Group also continued its implementation and upgrading of its multi-faceted operations, with the aim to create a leisure shopping center suitable for the whole family, and to strengthen sales of the Group's proprietary products. Meanwhile, the Group will also continue to maintain an established and steady pace of new chain stores development. In the next three years, the Group will continue to expand and solidify its market presence in Jiangsu, Anhui, Shaanxi and Yunnan Provinces through various means 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. 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 mid-to-high-end "lifestyle centre" chain in the PRC. The Group's stores are characterized by "shop-in-shop" and customer-orientated concepts which offer quality merchandise and "lifestyle centre" services, convenient shopping, and a comfortable and pleasurable environment for shoppers. The Group's 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 16 cities with a total gross floor area of 1,092,417 square meters.

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