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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)**

### **CONNECTED TRANSACTION EQUITY TRANSFER AGREEMENT**

On 2 December 2014, the Vendor and the Purchaser entered into the Equity Transfer Agreement, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to acquire, the Equity Interest.

GEICO, through Golden Eagle International Retail Group Limited (one of its wholly-owned subsidiaries), is now indirectly holding approximately 74.77% of the entire issued share capital of the Company and is accordingly a controlling shareholder of the Company. GEICO is in turn wholly-owned by The 2004 RVJD Family Trust, the family trust of Mr. Wang.

The Vendor is indirectly wholly-owned by GEICO and is accordingly an associate of GEICO and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the Equity Transfer Agreement constituted a connected transaction of the Company.

Since all the applicable percentage ratios (including the assets ratio, the profits ratio, the revenue ratio and the consideration ratio) in respect of the Equity Transfer Agreement are more than 0.1% but less than 5.0%, the entering into of the Equity Transfer Agreement and the transactions contemplated thereunder are subject to announcement and reporting requirements but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **EQUITY TRANSFER AGREEMENT DATED 2 DECEMBER 2014**

### **Parties**

Vendor:	Golden Star Hong Kong Development Limited (金星香港發展有限公司), being an indirect wholly-owned subsidiary of GEICO
Purchaser:	Golden Eagle International Trading Limited (金鷹國際貿易有限公司), being an indirect wholly-owned subsidiary of the Company

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### **Assets to be acquired under the Equity Transfer Agreement**

The asset to be acquired by the Group pursuant to the Equity Transfer Agreement is the Equity Interest.

The initial investment costs of the Golden Ning Group incurred by the Vendor was approximately RMB28.0 million.

There is no restriction for any subsequent sale of the Equity Interest.

### **Consideration**

The agreed consideration for the acquisition of the Equity Interest is RMB20.0 million, which shall be paid in the following manner:

- a sum of RMB4.0 million (the “**Deposit**”), which represents 20% of the entire amount of consideration, shall be paid within 7 days after the date of signing of the Equity Transfer Agreement;
- a sum of RMB16.0 million, which represents 80% of the entire amount of consideration, shall be paid within 7 days after the date of completion of the transfer of the Equity Interest.

In the event that completion of the transfer of the Equity Interest does not take place due to any reason whatsoever, the Vendor shall return the Deposit to the Purchaser.

The consideration for the acquisition of the Equity Interest was arrived at after arm's length negotiations and with reference to the net assets value of the Golden Ning Group as set out in its unaudited consolidated management accounts as at 31 October 2014 and the amount of shareholder's loans in the aggregate sum of approximately RMB27,965,000 to be assigned pursuant to the Equity Transfer Agreement.

The consideration will be settled from the internal resources of the Group.

### **Condition precedent**

The sale and purchase of the Equity Interest is conditional upon all approvals required under the Listing Rules having been obtained or otherwise all requirements under the Listing Rules having been complied with.

### **Completion**

The Vendor and the Purchaser shall complete the transfer of the Equity Interest within one month after the signing of the Equity Transfer Agreement.

Upon completion, Golden Ning will become an indirect wholly-owned subsidiary of the Company and its results will be wholly consolidated into the Group's consolidated financial statements.

### **Revenue guarantee**

The Vendor represents and warrants that it is optimistic about the future of the business of the Golden Ning Group. In light of the aforesaid, the Vendor has undertaken that it shall procure that the revenue of Changzhou Ocean World for each of the three years ending 31 December 2017 shall not be less than RMB13 million. In the event that the revenue of Changzhou Ocean World in any one of the three years ending 31 December 2017 is less than the said amount, the Vendor shall compensate the shortfall of that year to Changzhou Ocean World.

### **Information about Golden Ning**

Golden Ning is now the owner of the entire registered capital of Changzhou Ocean World, which is principally engaged in the business of operation of aquarium. Changzhou Ocean World is operating an aquarium at Changzhou Jiahong Shengshi Commercial Plaza (常州嘉宏盛世商務廣場), where one of the Group's department stores, Changzhou Jiahong Store, is also located at. In addition to the aquarium at

Changzhou, Golden Ning is also in the process of setting up aquarium at Nanjing, Yancheng and Suqian through its newly established wholly-owned subsidiaries.

According to the unaudited consolidated management accounts of the Golden Ning Group, the financial information of the Golden Ning Group since the date of incorporation of Golden Ning (i.e. 5 July 2013) to 31 October 2014, which were prepared in accordance with the accounting principle generally accepted in Hong Kong, are as follows:

	<b>For the period ended/ as at 31 October 2014</b> <i>RMB</i>
Revenue	6,916,000
Loss for the period	(7,834,000)
Total assets	24,602,000
Net liabilities	(8,107,000)

## **REASONS FOR ENTERING INTO THE EQUITY TRANSFER AGREEMENT**

Changzhou Jiahong Store is the Group's first department store opened in Changzhou city, Jiangsu Province, the PRC. It is situated at Changzhou Jiahong Shengshi Commercial Plaza (常州嘉宏盛世商務廣場) and has carried out soft opening on 5 June 2011. In order to capture the latest trends of diversified developments in the retailing industry and satisfy the diversified consumption demands, the Group has enlarged the operating area of Changzhou Jiahong Store from approximately 33,000 square metres to approximately 46,800 square metres in January 2014. In addition to accommodating over 300 fashion brands in Changzhou Jiahong Store, it also offers a range of leisure, dining, entertainment, art and culture functions.

In order to enhance foot traffic of Changzhou Jiahong Shengshi Commercial Plaza (常州嘉宏盛世商務廣場), including Changzhou Jiahong Store, in January 2014, a portion of the area at 2nd basement floor of the said plaza is used by Changzhou Ocean World to launch an aquarium and was directly connected to Changzhou Jiahong store. Since the extension and enhancement of its operating area in January 2014, through the synergies with the rare and unique aquarium feature in the department store in the PRC, the traffic of Changzhou Jiahong Store was effectively increased and resulted in a momentum for the improvement in the operating results of the store. The Board therefore believes that the entering into of the Equity Transfer

Agreement will further facilitate the Group's development strategy of comprehensive lifestyle shopping concept, where wide varieties of comprehensive functions and amenities will be introduced into the lifestyle centers so as to satisfy consumers' various needs.

## **VIEWS OF THE DIRECTORS**

The Board (including the independent non-executive Directors) considers that the terms of the Equity Transfer Agreement are on normal commercial terms and are fair and reasonable and it is in the interest of the Company and the Shareholders as a whole.

Mr. Wang, the Director who has material interests in the transactions by virtue of his indirect beneficial interests in the Vendor, has abstained from signing on the board resolutions approving the Equity Transfer Agreement and the transactions contemplated thereunder.

## **INFORMATION ABOUT THE VENDOR**

The Vendor is principally engaged in the business of investment holding and its subsidiaries are principally engaged in the businesses of investment holding, property development, construction, operation, management and investment, hotel development and operation and aquarium development and operation in the PRC. After the disposal of the Golden Ning Group, the Vendor will cease its aquarium business.

## **INFORMATION ABOUT THE GROUP**

The Company was incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange. The principal activities of the Group are the development and operation of stylish premium department store chain in the PRC.

## **GENERAL**

Since all the applicable percentage ratios (including the assets ratio, the profits ratio, the revenue ratio and the consideration ratio) in respect of the Equity Transfer Agreement are more than 0.1% but less than 5.0%, the entering into of the Equity Transfer Agreement and the transactions contemplated thereunder are subject to announcement and reporting requirements but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Details of the connected transaction of the Company will be disclosed in the Company's published annual report and accounts in accordance with Rule 14A.55 of the Listing Rules.

## **TERMS USED IN THIS ANNOUNCEMENT**

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Changzhou Ocean World”	金鷹國際海洋世界（常州）有限公司（Golden Eagle International Ocean World (Changzhou) Co., Ltd.），a company established in the PRC with limited liability on 2 September 2013, being a wholly-owned subsidiary of Golden Ning and operates an aquarium at Changzhou Jiahong Shengshi Commercial Plaza（常州嘉宏盛世商務廣場）
“Company”	Golden Eagle Retail Group Limited（金鷹商貿集團有限公司），a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company (including the independent non-executive directors of the Company) and “Director” shall mean any one of them
“Equity Interest”	collectively, the 100 ordinary shares of Golden Ning, representing its entire issued share capital and the shareholder's loans in the aggregate sum of RMB27,965,000 advanced by the Vendor to Golden Ning
“Equity Transfer Agreement”	the equity transfer agreement dated 2 December 2014 entered into between the Vendor and the Purchaser, pursuant to which the Vendor agrees to sell, and the Purchaser agrees to acquire, the Equity Interest
“GEICO”	GEIGO Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, being the indirect sole shareholder of the Vendor

“Golden Ning”	Golden Ning (HK) Limited (金寧 (香港) 有限公司), a company incorporated in Hong Kong with limited liability on 5 July 2013, being a wholly-owned subsidiary of the Vendor before the completion of the sale and purchase as contemplated under the Equity Transfer Agreement
“Golden Ning Group”	comprising of Golden Ning and its subsidiaries, including (i) Changzhou Ocean World; (ii) 金鷹國際海洋世界 (南京) 管理有限公司 (Golden Eagle International Ocean World (Nanjing) Management Co., Ltd.); (iii) 金鷹國際海洋世界鹽城有限公司 (Golden Eagle International Ocean World Yancheng Co., Ltd.); and (iv) 金鷹國際海洋世界宿遷有限公司 (Golden Eagle International Ocean World Suqian Co., Ltd.)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	the Shareholders who are independent of and not connected with the Vendor and its associates
“Independent Third Party(ies)”	person(s) and company(ies) who/ which is/ are independent of and not connected (within the meaning of the Listing Rules) with any of the directors, chief executive and substantial shareholders of the Company and its subsidiaries or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wang”	Mr. Wang Hung, Roger, the Chairman and an executive Director of the Company
“PRC”	the People’s Republic of China
“Purchaser”	Golden Eagle International Trading Limited (金鷹國際貿易有限公司), a company incorporated in Hong Kong with limited liability on 12 November 2007, being an indirect wholly-owned subsidiary of the Company

“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Golden Star Hong Kong Development Limited (金星香港發展有限公司), a company incorporated in Hong Kong with limited liability on 12 November 2007, being an indirect wholly-owned subsidiary of GEICO
“%”	per cent

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

Hong Kong, 2 December 2014

*As at the date of this announcement, the Board comprises 1 executive Director, namely Mr. Wang Hung, Roger and 3 independent non-executive Directors, namely Mr. Wong Chi Keung, Mr. Wang Yao and Mr. Lay Danny J.*