

[For Immediate Release]



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

**Golden Eagle Announces 2010 Annual Results**  
**GSP and Profit from operations surged 33.7% and 30.0% respectively**

	For the year ended 31 December		
	2010 RMB mn	2009 RMB mn	Change
Gross Sales Proceeds ("GSP")	<b>10,949.3</b>	8,191.7	+33.7%
• Concessionaire sales	<b>10,109.4</b>	7,564.6	+33.6%
• Direct sales	<b>791.1</b>	588.9	+34.3%
• Rental income and management service fees	<b>48.8</b>	38.2	+27.8%
Revenue	<b>2,450.4</b>	1,850.1	+32.4%
Profit from operations	<b>1,245.8</b>	958.2	+30.0%
Profit attributable to shareholders of the Company	<b>959.2</b>	250.9	+282.3%
- As adjusted*	<b>959.2</b>	768.0	+24.9%
Basic earnings per share (RMB)	<b>0.494</b>	0.137	+260.7%
- As adjusted*	<b>0.494</b>	0.419	+17.8%
Final dividend per share (RMB)	<b>0.150</b>	0.108	+38.9%

\* Excluding the effects of convertible bonds related items such as fair value changes on conversion and redemption options and effective interest expense.

**(28 March 2011 – 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 2010.

Benefiting from the recovery of overall economic environment, as well as the Group's outstanding management capability, the Group has maintained a steady and rapid operating growth during the year under review. The Group's GSP reached RMB10,949.3 million, representing a year-on-year growth of 33.7%. Profit from operations increased to RMB1,245.8 million, representing a year-on-year growth of 30.0%. Profit attributable to shareholders of the Company was RMB959.2 million and basic earnings per share amounted to RMB0.494. If excluding the impact of changes in fair value of derivative financial instruments and effective interest expense of the Group's convertible bonds which were fully converted during the year ended 31 December 2009, the respective growth would be 24.9% and 17.8% respectively. The Board recommended the payment of RMB0.150 per share as the final dividend for the year ended 31 December 2010.

During the year under review, the Group's same store sales growth ("SSSG") reached 25.1% (2009: 17.5%). Per ticket sales grew 17.8% to RMB620 for the year ended 31 December 2010 (2009: RMB526).

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Mr. Roger Wang, Chairman of the Group, said, "In order to maintain and enrich our mid-to-high end brand portfolio and expand the variety of products available, during the year under review, the Group carried out Spring and Autumn adjustments in all our department stores. Leveraging the Group's remarkable performance in third-tier cities in Jiangsu Province, we continued to maintain our industry-leading position and became the preferred chain department stores for international brands. This further enriched the Group's tenant base of renowned international brands and enhanced our position as high-end department store chain operator."

At the level of individual store, Nanjing Xinjiekou Store (the flagship store of the Group), Yangzhou Store and Xuzhou Store all maintained satisfactory SSSG of approximately 14.7%, 18.7% and 24.9% respectively for the year ended 31 December 2010. In addition, younger stores like Xi'an Gaoxin Store, Taizhou Store and Nanjing Zhujiang Store continued to be the driving force of the Group's sales growth, which recorded SSSG of approximately 45.2%, 42.4% and 41.9% respectively. Furthermore, new driving force, that is Huai'an Store and Yancheng Store, generated remarkable SSSG of approximately 62.0% and 81.6% respectively.

With the increase in GSP contributions from younger stores, Nanjing Xinjiekou Store's contribution to GSP has been decreased from 34.6% to 29.7% while the aggregate contribution to GSP from three largest contributors, including Nanjing Xinjiekou Store, Yangzhou Store and Xuzhou Store, has been decreased from approximately 62.9% to 55.5%.

During the year 2010, concessionaire sales contributed approximately 92.3% (2009: 92.3%) of the Group's GSP or increased from RMB7,564.6 million to RMB10,109.4 million and direct sales contributed approximately 7.2% (2009: 7.2%) of the Group's GSP or increased from RMB588.9 million to RMB791.1 million.

The commission rate from concessionaire sales slightly decreased to approximately 20.0% (2009: 20.3%). The slight decrease in commission rate was mostly due to the increase in sales of renowned brands and gold, jewellery and timepieces which normally carry a lower commission rate and the increase in sales contributing from younger stores which normally carry a lower average commission rate as opposed to older stores. The gross profit margin from direct sales increased from approximately 20.5% to 22.3% as a result of product portfolio adjustments and reduce the momentum of discount sales. The combined gross profit margin from concessionaire sales and direct sales remained stable at approximately 20.2% (2009: 20.3%). The management intends to maintain stability of gross profit margin by conducting periodic review and enhancing merchandise mix according to the changing consumption demands.

Since 2010, the Group has embarked on a new era of robust growth in the development of chain department store. The acquisition of Hefei Dadongmen Store and Hefei Baihuajing Store through the acquisition of the equity interest in Anhui Golden Eagle Retail Co., Ltd. (formerly known as Anhui Ruijing Commercial Company Limited, thereafter called "Anhui Golden Eagle"), together with the newly opened Huaibei Store, have further enhanced our market presence in the Anhui market. Besides, the enlargement of Xuzhou Store and Yancheng Store has further extended the optimal growth period of the two stores. Due to the expiry of lease term, Xi'an Guomao Store was closed in October 2010. The Group has secured a nearby location with a gross floor area of approximately 19,000 square meters. The new store is expected to commence operation in the second quarter of 2011. Currently, the Group operates/manages 20 chain department stores in 13 cities with an aggregate gross floor area of over 677,000 sq. m..

The Group will continue to accelerate our expansion plans in Jiangsu Province, Anhui Province, Xi'an City in Shaanxi Province, and Kunming City in Yunnan Province, while seeking opportunities in top and second-tier cities, as well as third-tier cities with immense development potential. Currently, the Group has secured 16 locations for new store development by means of sale and purchase or lease or framework agreements in Jiangsu, Anhui, Shaanxi and Yunnan Provinces with an aggregate gross floor area of over 1.2 million sq. m..

Looking ahead, emerging markets, especially China, will continue to play an important role in global economic recovery. Through the implementation of various fiscal and monetary measures and policies, the Chinese government will effectively control inflation and asset bubbles, hence ensuring stable and sound development of the China economy. In addition, ensuring people's income growth to be in line with the economic development and enhancing people's living standard and quality is a major objective of China's 12th Five-Year Plan. The increase in disposable income of the target customers will benefit the continuous prosperity of the retail industry. With promoting domestic consumption as the central government's long-term focus, the continual urbanization, the growing middle class and the continual improvement of the national social welfare system would further boost domestic consumption in the coming five years, thereby benefiting the robust and sustainable growth of the entire retail market of the PRC.

Mr. Wang concluded, "We have been achieving satisfactory results since our listing five years ago, and have established ourselves as an industry leader. In the coming three years, the Group will continue to expand its store network steadily and speedily, and plans to open 5-8 new stores every year by self-owned properties, long-term leases and/ or merger and acquisitions. The Group will endeavour to enhance its presence in eastern China, Shaanxi and Yunnan Provinces. The Group will also closely monitor the growth performance of its existing stores, enhance store attractiveness to target customers through effective brand optimization and innovative promotion campaigns. By utilizing the advantage conferred by economies of scale, the Group will increase its market share while improving profit margin by effective cost control."

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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/managed 20 department stores in 13 cities with an aggregate gross floor area of over 677,000 sq. m.

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