

[For Immediate Release]



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

**Golden Eagle Announces 2010 Interim Results**  
**GSP and Profit from operations surged 34.2% and 30.0% respectively**

	For the six months ended 30 June		
	2010 RMB mn	2009 RMB mn	Change
Gross Sales Proceeds ("GSP")	<b>5,034.1</b>	3,751.7	+34.2%
• Concessionaire sales	<b>4,660.2</b>	3,455.7	+34.9%
• Direct sales	<b>350.3</b>	278.8	+25.7%
• Rental income and management service fees	<b>23.6</b>	17.2	+37.6%
Revenue	<b>1,151.9</b>	870.7	+32.3%
Profit from operations	<b>616.9</b>	474.6	+30.0%
Profit attributable to shareholders of the Company	<b>462.0</b>	75.2	+514.0%
- As adjusted*	<b>462.0</b>	381.4	+21.1%
Basic earnings per share (RMB)	<b>0.238</b>	0.043	+459.6%
- As adjusted*	<b>0.238</b>	0.216	+10.4%

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

**(17 August 2010 – 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 interim results for the six months ended 30 June 2010.

Benefited from the positive impact of rapid economic development in the PRC in the first half of 2010 as well as the leading market position of the Group, the Group's GSP maintained a rapid and stable year-on-year growth of 34.2%, reaching RMB5.0 billion. Profit attributable to shareholders of the Company was RMB462.0 million and basic earnings per share amounted to RMB0.238, up 514.0% and 459.6% year-on-year. If excluding the impact of changes in fair value of derivative financial instruments, effective interest expense and exchange realignment of the Group's convertible bonds which were fully converted during the year ended 31 December 2009, the respective growths would be 21.1% and 10.4% respectively. The Board does not recommend the payment of interim dividend for the six months ended 30 June 2010.

During the period under review, the Group's same store sales growth ("SSSG") remained at high level of 25.4% (1H2009: 14.9%). Per ticket sales grew by 17.7% to RMB589 for the six months ended 30 June 2010 (1H2009: RMB501).

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Mr. Roger Wang, Chairman of the Group, said, "Riding on the continued momentum in the retail market in the first half of 2010, each of the Group's chain stores carried out a larger scale of spring adjustment with a view to enhancing its brand and sales performance. The Group also stepped up its efforts in developing new brands to increase the survival rate and growth potential. Moreover, the management of each chain store continued to stay abreast with the overall store operation and paid close attention to target customers' consumption needs, while maintaining effective communication with suppliers and adjusting merchandise mix on a regular basis to ensure the product categories cater for local market's demand. All these efforts have led to a significant uplift in both GSP and revenue of the Group."

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 15.0%, 16.8% and 26.8% respectively for the six months ended 30 June 2010. In addition, younger stores like Xi'an Gaoxin Store, Taizhou Store and Nanjing Zhujiang Store continued to be the driving forces of the Group's sales growth, which recorded SSSG of approximately 49.3%, 44.0% and 49.5% respectively. Furthermore, new driving forces, Huai'an Store and Yancheng Store, generated remarkable SSSG of approximately 52.1% and 85.7% respectively.

For the six months ended 30 June 2010, concessionaire sales contributed approximately 92.6% (1H2009: 92.1%) of the Group's GSP and that of direct sales was approximately 7.0% (1H2009: 7.4%). The commission rate for concessionaire sales remained stable at approximately 20.8% (1H2009: 20.9%).

The Group continued to focus on expanding value-added services for its VIP customers. In order to establish a close long-term relationship with VIP customers, the Group continued to launch a variety of salon activities and keep a close eye on VIP customers' changes in needs as well as initiate in-depth communications to understand them more. By collaborating with various banks to share quality customer resources, satisfaction of the Group's VIP customers has been enhanced and their sense of prestige and loyalty have further been reinforced. As at 30 June 2010, the Group had over 697,000 VIP customers and sales from VIP customers contributed approximately 62.0% of the Group's total GSP.

The Group continued to seek expansion opportunities which commensurate with its development strategies and capital return requirements. On 27 July 2010, the Group has successfully acquired two mid-to-high end department stores in Hefei City, Anhui Province, namely Ruijing Shopping Center and Ruijing International Shopping Plaza, with a GFA of approximately 10,356 square meters and 12,294 square meters respectively. The Group also has two new stores in Anhui Province in the pipeline, namely the Huaibei Store and Hefei Store, which are expected to commence operation in the fourth quarter of 2010 and late 2010 or early 2011 respectively.

The additional area of Yancheng Store is expected to commence operation in late 2010, which will enlarge the GFA of Yancheng Store to approximately 82,000 square meters. Currently, the Group had secured a number of locations for its store expansion plan. It is expected that the Group's total gross floor area will increase by at least 500,000 square meters by the end of 2012.

Looking ahead, the PRC economy will remain at stable and relatively rapid growth. In view of the positive economic outlook, the stimulation of favorable policy and the reassured signal of inflation, the Group will strive to execute its chain development strategy in a prudent manner. The Group will further increase the number of its chain stores in Jiangsu Province and will implement "single city multiple stores" strategy for cities in which it has established a leading position, so as to strengthen its leading position in Jiangsu Province. Meanwhile, the Group will also continue its expansion plan in Anhui Province, Xi'an city and Kunming city. The Group will also keep a close eye on other provincial capital cities that possess immense economic potentials and with less competition, so as to develop a more extensive chain store network.

Mr. Wang concluded, "In the second half of the year, the Group will closely monitor the macro-economic development and changes in consumption demands. With our continuous efforts in brand and merchandise adjustments, innovative promotion campaigns organization, workflow optimization, management standardization and on-going staff development, our execution abilities and profitability will further be enhanced. The Group remains optimistic about China's long-term economic development and is confident of its future development prospects. The Group is committed to creating more lucrative returns to 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 17 department stores in Nanjing, Nantong, Yangzhou, Suzhou, Xuzhou, Taizhou, Xi'an, Kunming, Huai'an, Yancheng and Shanghai. While the Group is growing in size, its portfolio of 17 stores, including 1 managed store, spans across a total GFA of approximately 539,000 square meters.

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