



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

Golden Eagle Announces 2011 Interim Results
GSP and Profit from operations surged 37.1% and 26.0% respectively
Same store sales growth remains strong at 28.7%

	For the six months ended 30 June		
	2011 <i>RMB mn</i>	2010 <i>RMB mn</i>	Change
Gross Sales Proceeds ("GSP")	6,903.0	5,034.1	+37.1%
• Concessionaire sales	6,353.6	4,660.2	+36.3%
• Direct sales	518.9	350.3	+48.1%
• Rental income and management service fees	30.5	23.6	+29.5%
Revenue	1,557.0	1,151.9	+35.2%
Profit from operations	777.3	616.9	+26.0%
Profit attributable to owners of the Company	612.2	462.0	+32.5%
Basic earnings per share (RMB)	0.315	0.238	+32.4%

(16 August 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 unaudited interim results for the six months ended 30 June 2011.

Riding on the continued momentum of global economic recovery in the first half of 2011, the Group's gross sales proceeds ("GSP") sustained a rapid and stable year-on-year growth of 37.1%, reaching RMB6.9 billion. Revenue amounted to RMB1.6 billion, representing an increase of 35.2% over the same period last year. Profit attributable to owners of the Company increased 32.5% to RMB612.2 million. Basic earnings per share amounted to RMB0.315, representing an increase of 32.4% over the same period last year. The Board does not recommend the payment of interim dividend for the six months ended 30 June 2011.

During the period under review, the Group's same store sales growth ("SSSG") remained at a high level of 28.7% (1H2010: 25.4%). Per ticket sales grew by 21.5% to RMB705 for the six months ended 30 June 2011 (1H2010: RMB580).

Mr. Roger Wang, Chairman of the Group, said, "In the first half of 2011, in order to meet the consumption demands of target customers, every chain store of the Group undertook a relatively extensive scale of spring revamp during the period under review so as to enhance its merchandise mix and sales performance. Impressed by the Group's outstanding store performance in third-tier cities in Jiangsu Province, a number of international reputable brands made their ways to launch their outlets in the Group's chain stores. For instance, FOLLI FOLLIE, LANCOME and L'OCCITANE were introduced to Yangzhou Store, whilst HUGO BOSS and BIOTHERM were introduced to Xuzhou Store.

“The Group also enlarged the scope of authorities of mature chain stores in respect of merchandising adjustments, which facilitate and enrich their merchandising portfolio to meet local market’s demands and enhance the performance of newly introduced brands. All these efforts have led to a significant uplift in both GSP and revenue of the Group.”

At the level of individual store, Nanjing Xijiekou Store (the flagship store of the Group), Yangzhou Store and Xuzhou Store all achieved satisfactory SSSG of 16.4%, 24.1% and 31.8% respectively for the six months ended 30 June 2011. Further, younger stores like Xi’an Gaoxin Store and Yancheng Store continued to generate remarkable SSSG of 49.4% and 73.1% respectively.

During the six months ended 30 June 2011, concessionaire sales contributed 92.0% (1H2010: 92.6%) of the Group’s GSP and that of direct sales was approximately 7.5% (1H2010: 7.0%).

Commission rate from concessionaire sales decreased slightly to 20.0% (1H2010: 20.8%). The slight decrease in commission rate was mostly due to (i) the relatively strong performance of certain product categories which carry lower commission rates, including gold, jewellery and luxury accessories and (ii) the increase in sales contribution from younger stores which carry lower commission rates as opposed to mature stores.

Gross profit margin from direct sales increased from 21.9% to 22.1% as a result of continuous optimization of merchandise mix. The combined gross profit margin from concessionaire sales and direct sales decreased from 20.9% to 20.2%.

The Group continues to focus on the development of value-added services for VIP customers. Through organizing various innovative and appealing functions and activities, the Group is able to reach its valuable VIP customers in order to have a thorough understanding of their needs and changing demands and to establish a long-term relationship with them. Moreover, the collaboration with various banks allows the sharing of valuable customer base so as to enhance customer satisfaction and loyalty. As at 30 June 2011, the Group had more than 842,000 VIP customers, and sales from VIP customers accounted for approximately 61.8% of the Group’s total GSP.

The Group has made a big progress in terms of new stores expansion. In the first half of 2011, Hefei Store, the Group’s flagship store in Anhui Province, and Changzhou Jiahong Store commenced soft opening. Meanwhile, the extension of Nanjing Xianlin Store commenced operation and has enlarged the store’s GFA to approximately 39,000 sq.m.. Besides, located at the opposite side of Kunming Store, certain brands at Kunming Store Phase 2 already commenced operation since May 2011. Upon its full operation, the GFA of Kunming Store will be expanded to approximately 116,000 sq.m.. Xi’an Xiaozhai Store, located at the developed Xiaozhai business district in Xi’an with GFA of approximately 19,000 sq.m., is expected to open by the end of August 2011.

In addition, the preparation work for the grand opening/opening of Kunming Second Store, Xuzhou Second Store, Suqian Store and Liyang Store in Jiangsu Province are now in progress as scheduled. These four new stores are expected to open by the end of 2011, and they will increase the aggregate GFA of the Group’s chain stores by approximately 213,000 sq.m.. Currently, the Group has secured a number of locations for its new store expansion and it is anticipated that these projects will increase the Group’s GFA by approximately 800,000 sq.m. in the coming three years.

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The Group will further increase the number of its chain stores in Jiangsu Province and will continue its development strategy of “single city, multi stores” so as to further consolidate our leading market 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 explore market opportunities in those provincial capitals with strong economic potential but less competition, so as to further expand the coverage of our chain store network.

Mr. Wang concluded, “In the second half of the year, the Group will continue to closely monitor the macroeconomic trend and changes in consumption demands. Through constant merchandising adjustments, effective marketing and promotion campaigns, operation optimization and better customer services, the Group endeavors to increase its market share and enhance customer satisfaction. We are confident of our prospects and will strive to bring fruitful 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/managed 21 department stores in 14 cities with an aggregate gross floor area of over 800,000 sq. m.

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