



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

Annual Results 2006

April 2007



CORPORATE  
PRESENTATION

- ▶ **Achievements in 2006**
- ▶ **Financial Highlights**
- ▶ **Business Review**
- ▶ **Future Plans and Strategies**
- ▶ **Open Forum**

# Achievements in 2006



# Achievements in 2006

- ▶ Successfully listed on the Main Board of the Stock Exchange of Hong Kong Limited in March 2006 with 300 times oversubscription
- ▶ Raised approx. HK\$1,000 million for future business expansion
- ▶ Issued HK\$1,000 million zero coupon convertible bonds in September 2006
- ▶ Opened two new stores in Xian Gaoxin store and Taizhou store in April and December respectively, bringing the total number of stores from six to eight in 2006, with total GFA increased from approximately 159,000 m<sup>2</sup> to 227,000 m<sup>2</sup> in 2006
- ▶ Planned to open three new stores in Huai'an, Yancheng and Kunming, which is expected to commence operation in 2007 and 2008
- ▶ Nanjing Xinjiekou store was awarded “Golden Cauldron Class Store”

# Financial Highlights



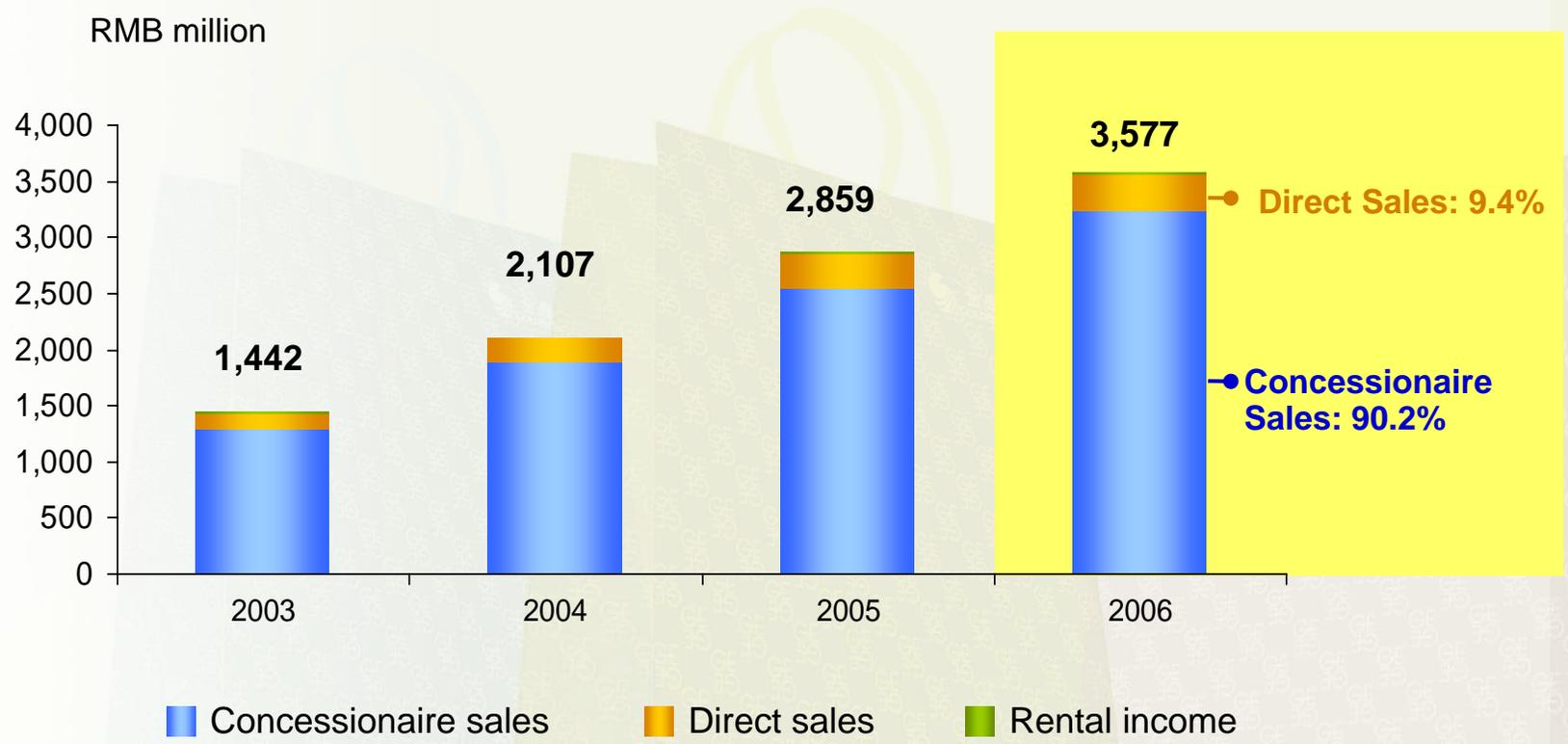
# Financial Highlights

<b>RMB million</b>	<i>For the 12 months ended 31 December</i>		
	<b>2006</b>	<b>2005</b>	<b>Change</b>
Gross Sales Proceeds (GSP)	<b>3,577.0</b>	2858.7	+25.1%
▶ Concessionaire Sales	<b>3,227.7</b>	2543.6	+26.9%
▶ Direct Sales	<b>334.8</b>	308.7	+8.5%
▶ Rental Income	<b>14.5</b>	6.4	+125.3%
Turnover	<b>899.8</b>	739.8	21.6%
Gross Profit	<b>670.7</b>	532.7	+25.9
Profit Attributable to Shareholders (excluding the impact of IPO and CB)	<b>262.3</b>	225.9	+16.1%
Basic Earnings per Share (RMB cents)	<b>12.97</b>	13.39	-3.1%
Dividend (RMB fens)			
▶ Interim	<b>3.8</b>	Nil	N/A
▶ Final	<b>2.5</b>	Nil	N/A

# Surging GSP



Strong GSP growth driven by increase in same store sales growth as well as sales per floor area

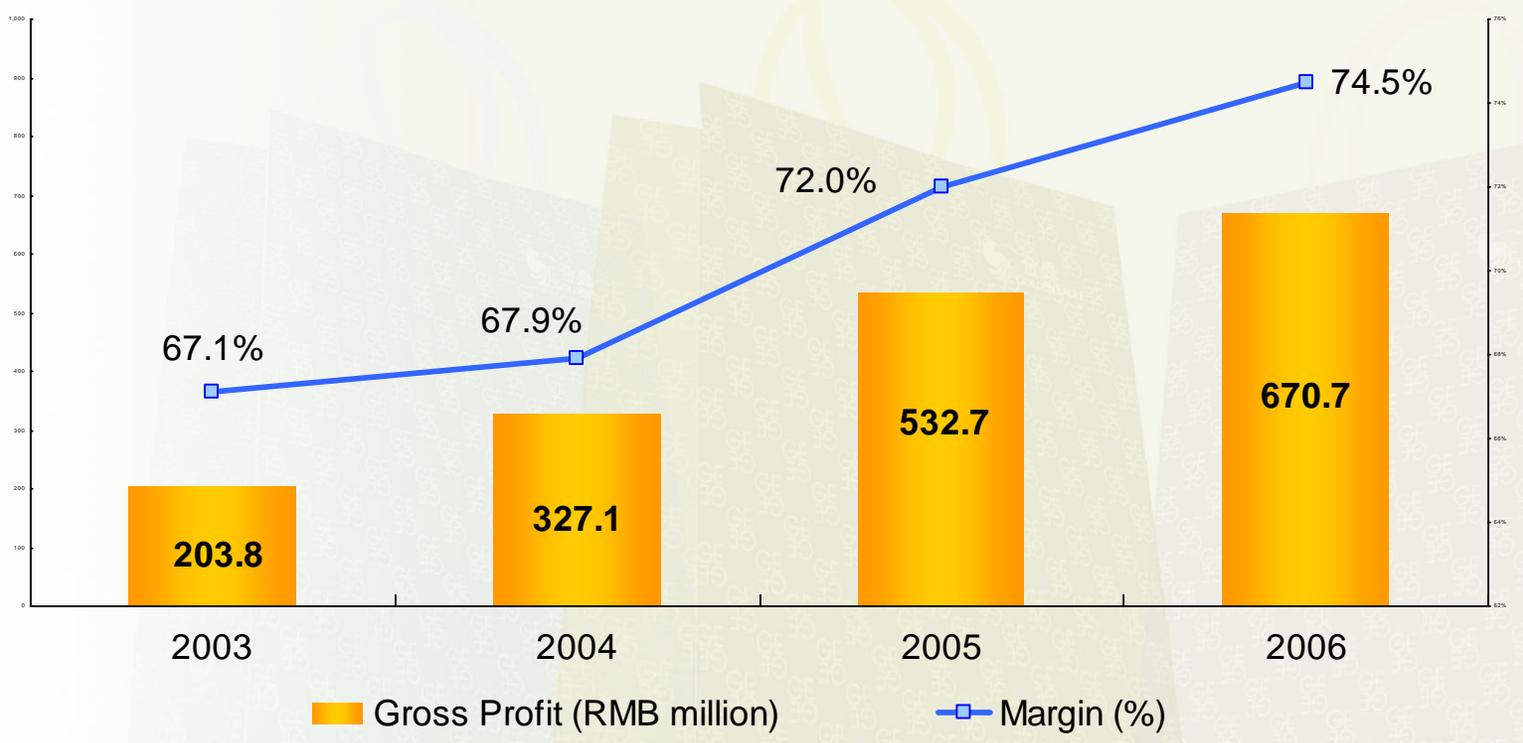


# Gross Profit Growth

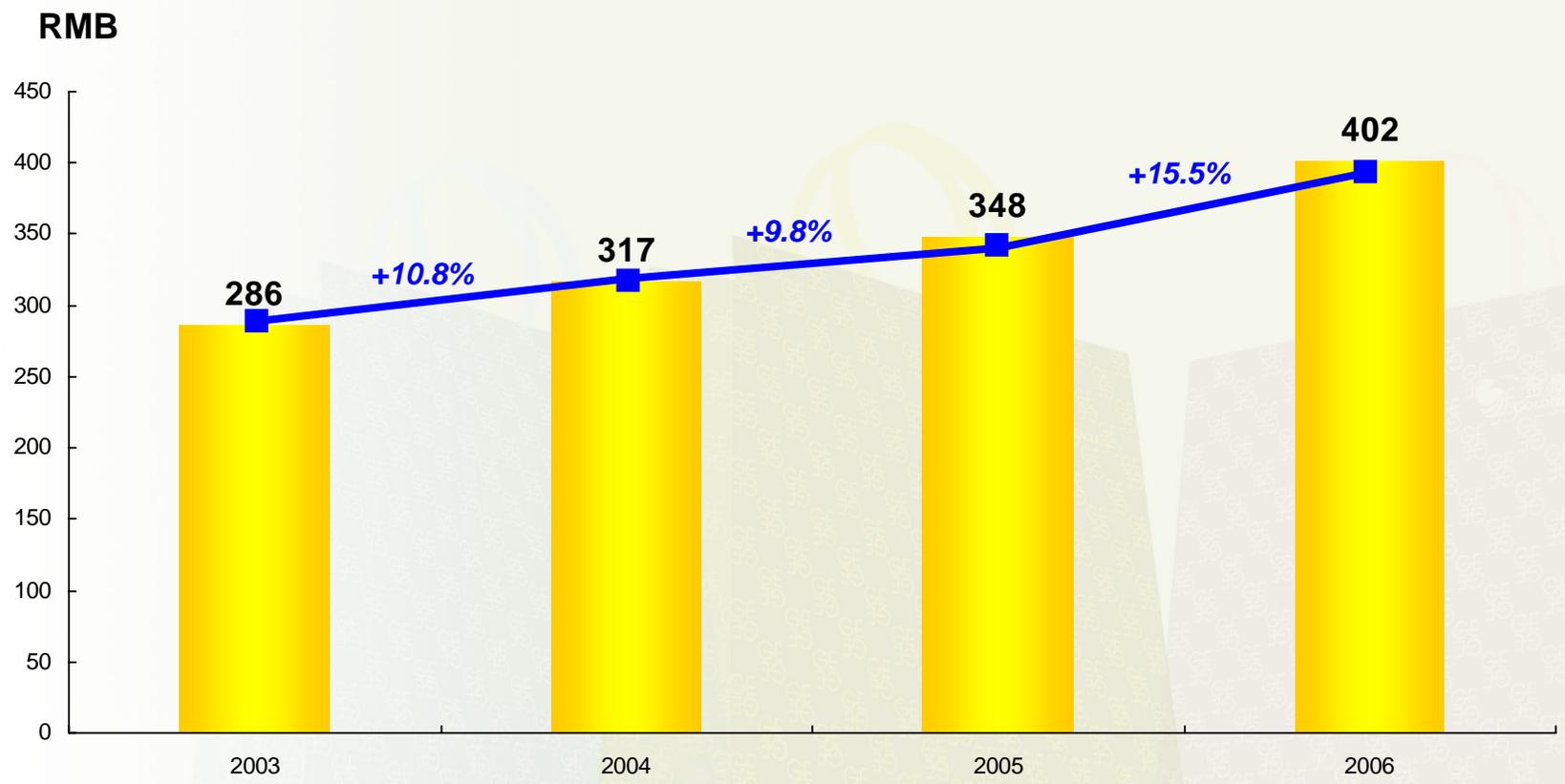


RMB million

Gross profit margin (%)



# Increase in Sales Per Ticket



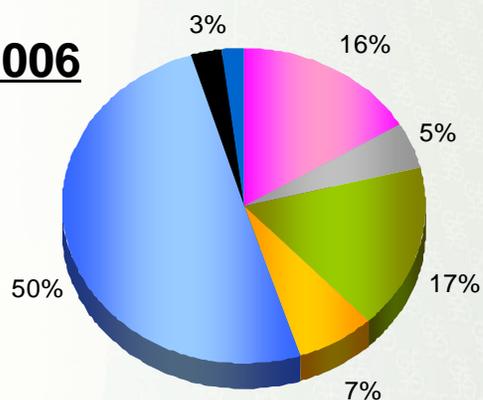
*For the 12 months ended 31 December*

# GSP by Stores

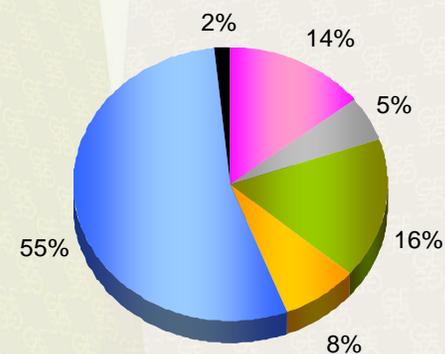
RMB million

	2006	2005	Change
Nanjing Xinjiekou	1,799.12	1,544.68	16.3%
Nantong Store	241.39	224.92	7.3%
Yangzhou Store	606.39	470.78	28.6%
Suzhou Store	172.88	155.31	11.3%
Xuzhou Store	580.63	411.51	40.9%
Xian Store	100.80	54.47	NA
Xian Gaoxin	65.58	0	NA
Taizhou Store	9.52	0	NA
Total	3,576.99	2,858.67	25.1%

**2006**



**2005**



# Financial Position and Financial Indicators



<b><i>RMB million</i></b>	<i>As at</i>	
	<b>31 Dec 2006</b>	<b>31 Dec 2005</b>
<b>Net Current Assets</b>	<b>6.6</b>	<b>(336.9)</b>
<b>Total Assets</b>	<b>3,015.2</b>	<b>2,033.5</b>
<b>Long Term Liabilities</b>	<b>796.8</b>	<b>280.0</b>
<b>Bank Borrowings and Convertible Bonds</b>	<b>796.8</b>	<b>931.8</b>
<b>Cash on Hand</b>	<b>1,099.2</b>	<b>219.6</b>
<b>Current Ratio (times)</b>	<b>1.0</b>	<b>0.75</b>
<b>Gearing Ratio</b> <sup>(Note 1)</sup>	<b>26.4%</b>	<b>45.8%</b>

Note 1: *Gearing ratio = total bank borrowings and convertible bonds/ total assets*

# Business Review



# Broadened VIP Customer Base



**Broadened VIP customer base to strengthen the customer loyalty and pave way for long term growth**

- ▶ 388,000 members\*
- ▶ VIP consumption accounted for 60.4% (2005 : Approx 60%) of total GSP

**Jointly introduced the BOC Golden Eagle affinity credit card with the Bank of China in May 2006**

- ▶ Expanded functions of VIP cards
- ▶ Absorbed premium customers of BOC

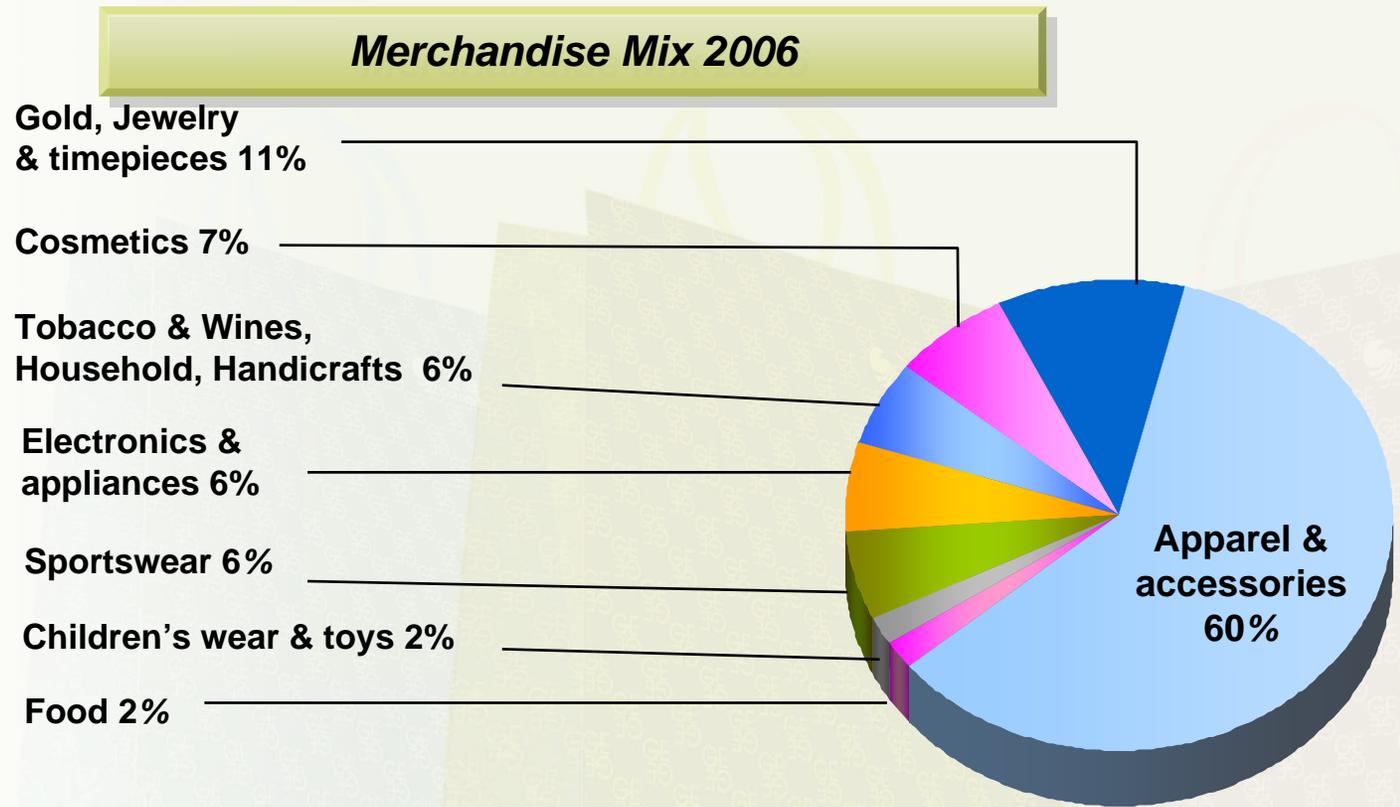
\* As at 31 December 2006

**Purchases by VIP members**



# Enhanced Merchandise Offering

**Increased proportion of high-end products (apparel & accessories, jewelry & timepieces, and cosmetics) to drive GSP and growth**



# Enhanced Shopping Environment & Internal Systems



## Improvement to the exterior and interior decoration of the department store

- ▶ Redesigned the store directory system
- ▶ Conducted maintenance and revamped machineries and equipments, including the air conditioning system
- ▶ Restructured escalators in stores
- ▶ Reorganized the merchandise mix and renewed the image of branded merchandised counters

## Enhanced internal systems

- ▶ Devoted addition resources for the development of supplementary functions of the ERP system
- ▶ Successfully developed the CRM system which allow customers to return goods at any one of the Group's department stores

# Marketing and Promotional Activities



## Launched different and exciting promotional activities to boost sales

- ▶ Anniversary celebration of Nanjing Xinjiekou Store
- ▶ Charity event organized in the name of Sang Lan and Zheng Zhi Hua
- ▶ Both events achieved great economic and branding return
- ▶ Anniversary celebration of Nanjing Xinjiekou Store set highest one-day sales record over RMB22 million

# New Store Expansion & Acquisition



	<b>Xi'an Gaoxin Store</b>	<b>Taizhou Store</b>	<b>Huai An Store</b>	<b>Yancheng Store</b>	<b>Kunming Store</b>
<b>Gross floor area (sq m.)</b>	30,000	42,588	48,000	50,000	35,000
<b>Acquisition amount (RMB million)</b>	226.8	113.9 (For Structure)	134.4 (For Structure)	84.6 (For Land)	368
<b>Operating area as at 31 Dec 2006 (sq m.)</b>	21,260	25,000	N/A	N/A	N/A
<b>Owned/ Leased</b>	Owned	Owned	Owned	Owned	Owned
<b>(Expected) Commencement date</b>	18 Apr 2006	18 Dec 2006	(2008)	(2008)	(Mid 2007)

# Future Plans and Strategies



# Future Plans and Strategies

## Store Openings /Acquisitions

- ▶ Consolidate the market position in Jiangsu Province
- ▶ Seek for more room of development in Kunming and Xian
- ▶ Planning – Kunming, Yunnan Province
- ▶ 2008 – Huai An, Jiangsu Province
- ▶ 2008 – Yancheng, Jiangsu Province

## Enhancement Of Internal Systems

- ▶ Strive for better cost-effectiveness
- ▶ Enhance the Group's core competitiveness
- ▶ ERP system
- ▶ CRM System
- ▶ Store renovation
- ▶ Cost control

# Future Plans and Strategies

## Comprehensive Staff Training Programmes

- ▶ Establish a reasonable hierarchy of people within the Group to execute future business strategies
- ▶ Carry out long term and systematic training programmes to enhance the overall quality and professional skills of its staff

## Customer-Oriented Research

- ▶ Carry out studies on consumer behaviour to optimize merchandise mix as well as the combination of brand name counters

# Open Forum





# Disclaimer

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