



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

Interim Results 2006
August 2006



CORPORATE
PRESENTATION

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Achievements in 1H2006



Achievements in 1H2006

- ▶ Successfully listed on the Main Board of the Stock Exchange of Hong Kong Limited in March 2006 - 300 times oversubscribed
- ▶ Raised approx. HK\$1,000 million for future business expansion
- ▶ Commenced soft opening of Xian Gaoxin store in April 2006, to further strengthen the presence in the northwest region of the PRC
- ▶ Acquired a property interest in Huai An City, Jiangsu Province, for the development of new store

Financial Highlights





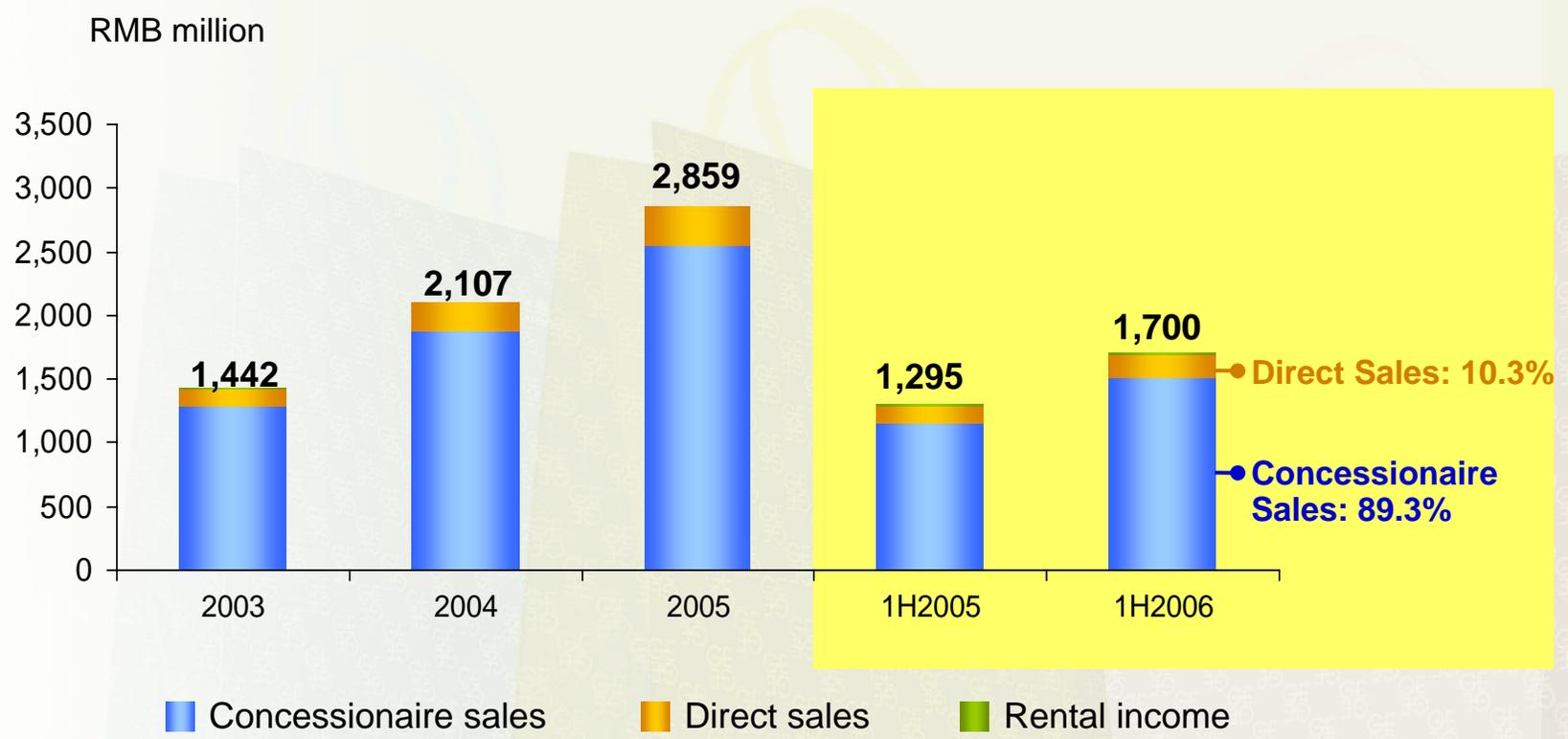
Financial Highlights

RMB million	<i>For the six months ended 30 June</i>		
	2006	2005	Change
Gross Sales Proceeds (GSP)	1,700.4	1,294.7	31.34%
- Concessionaire Sales	1,518.4	1,149.3	32.11%
- Direct Sales	174.5	142.7	22.25%
- Rental Income	7.5	2.6	185.96%
Gross Profit	308.1	233.3	32.06%
Profit from Operation	218.0	149.5	45.76%
Profit Attributable to Shareholders	134.9	95.9	40.60%
Earnings per Share (RMB cents)	7.7	5.7	34.80%
Interim Dividend (RMB cents)	3.8	Nil	N/A

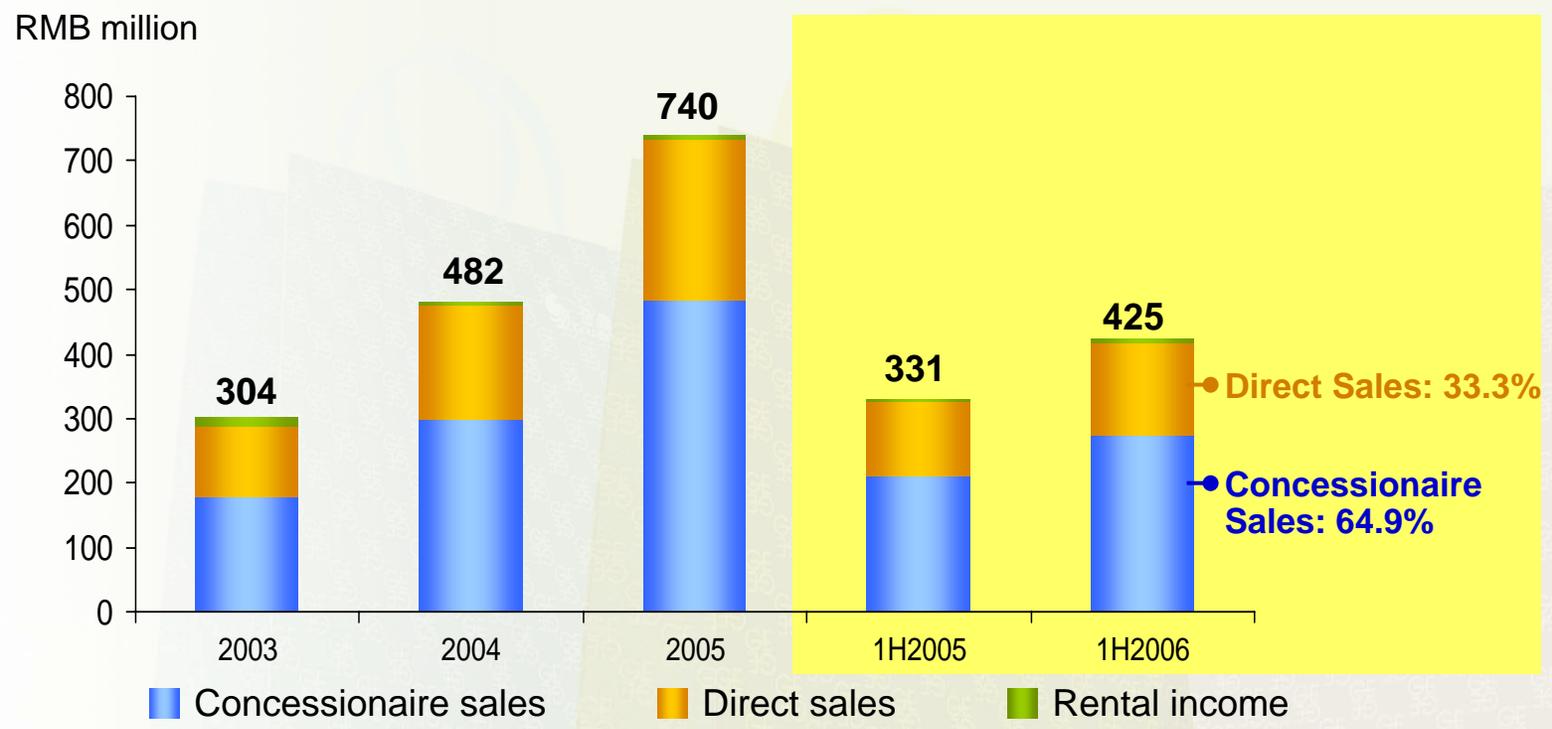
Surging GSP



Impressive growth in GSP driven by new store openings and same-store organic growth

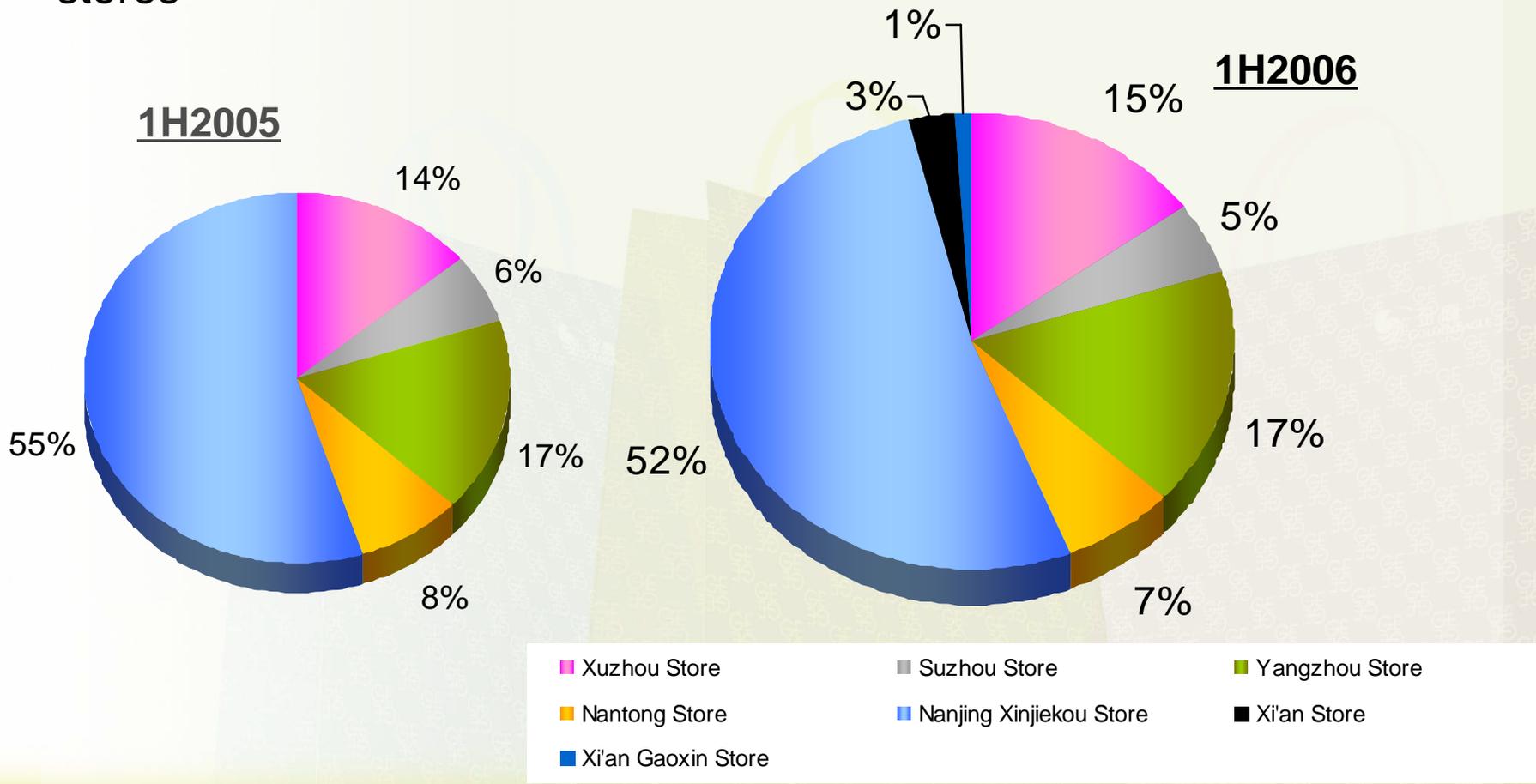


Impressive Turnover Growth



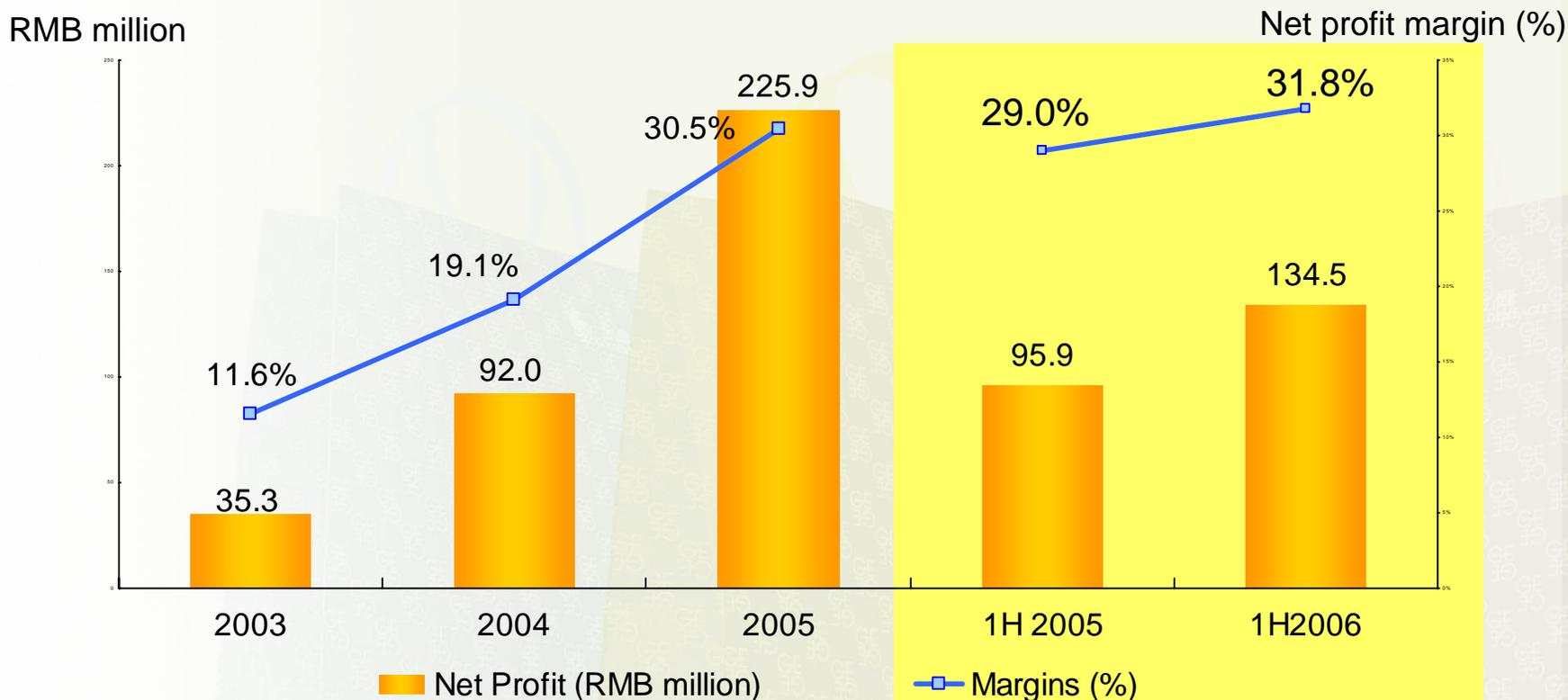
GSP Contribution by Store

Increasing proportion of contribution of GSP from newly established stores



Net Profit Growth

Net profit margin surged by 29% to 31.8% mainly due to the growth in GSP as well as the enhancement in operating efficiency



* Net profit attributable to equity holders of the Company



Financial Position

RMB million	<i>As at</i>	
	30 June 2006	31 Dec 2005
Net Current Asset	33.2	(336.9)
Cash on Hand	702.5	219.6
Current Ratio (times)	1.00	0.75
Gearing Ratio ^(Note 1)	18.3%	45.8%

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

Business Review



Broadened VIP Customer Base

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

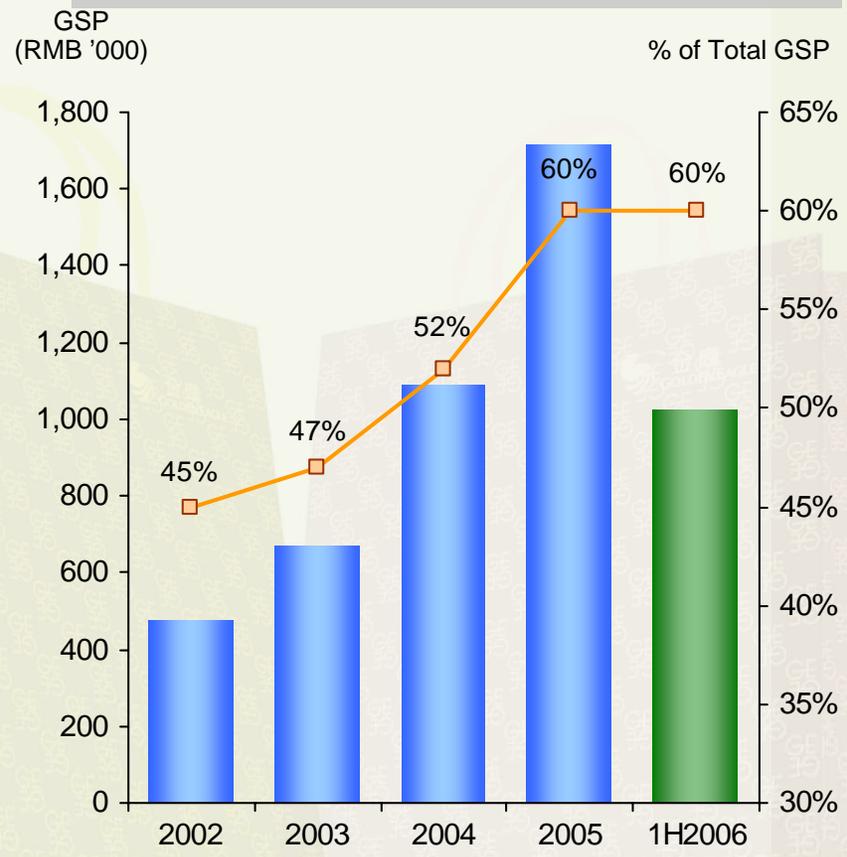
- ▶ 298,000 members*
- ▶ VIP consumption accounted for 60.37% (1H2005 : Approx 55%) of total GSP

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

- ▶ Expanded functions of VIP cards
- ▶ Targeted quality customers of BOC

* As at 30 June 2006

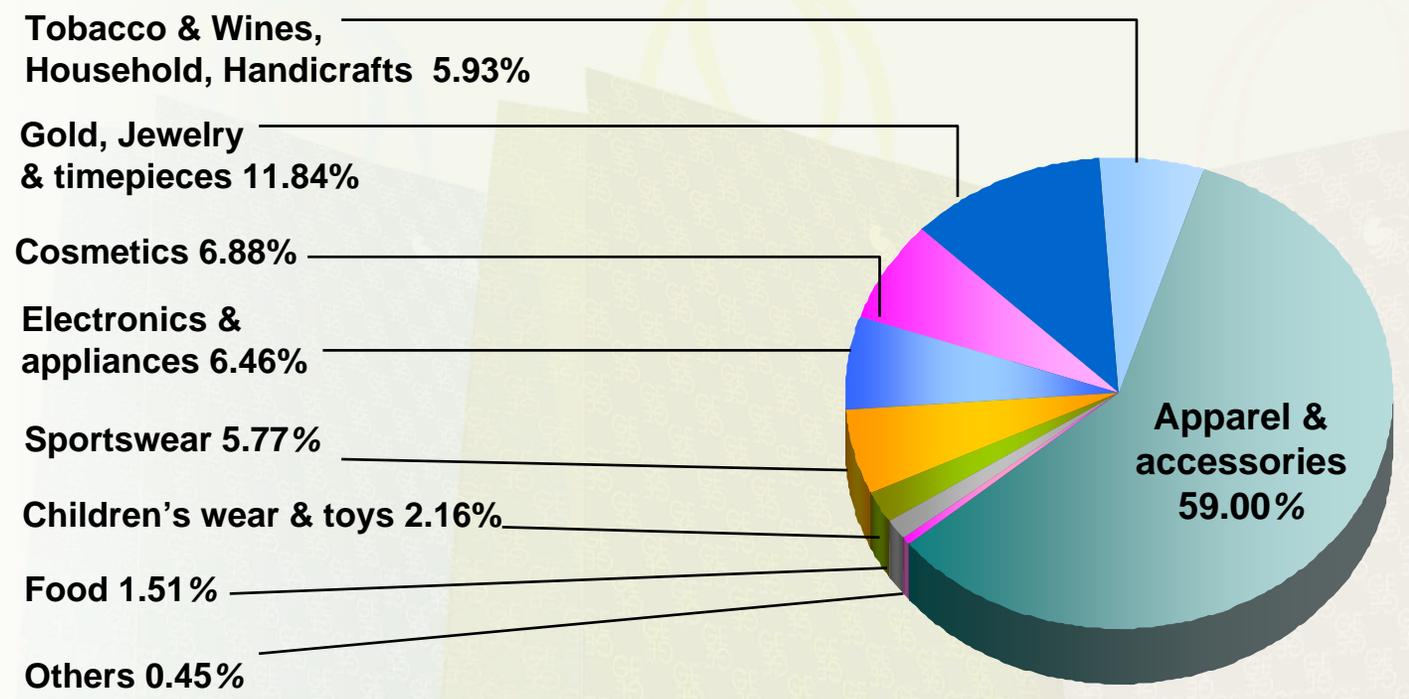
Purchases by VIP members



Enhanced Merchandise Offering

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

Merchandise Mix 1H 2006



Enhanced Shopping Environment & Internal System



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
- ▶ Created an elegant and comfortable shopping environment for customers

Enhanced internal systems

- ▶ Devoted addition resources for the development of supplementary functions of the ERP system
- ▶ Prepared for preliminary development of the CRM system

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 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



	Xi'an Gaoxin Store	Taizhou Store	Huai An Acquisition
Location	Xi'an, Shaanxi Province	Taizhou, Hai Ling District, Jiangsu Province	Huai An City, Jiangsu Province
Gross floor area (sq m.)	29,983	38,000	48,000
Operating area as at 30 Jun 2006 (sq m.)	21,136	N/A	N/A
Owned/ Leased	Leased	Owned	Owned
(Expected) Commencement date	18 April 2006	(Late 2006)	(2008)

Competitive Strengths



Premium Brand and Positioning

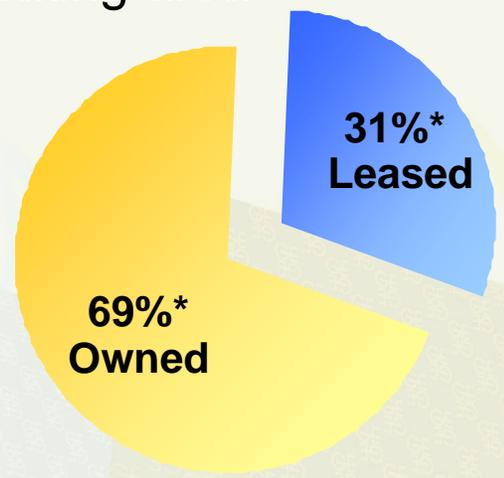
The leading stylish premium department store in second-tier cities, catering for the high-end retail market

	Established Stores			Developing Stores			
	Nanjing Xijiekou	Nantong	Yangzhou	Suzhou	Xuzhou	Xi'an	Xi'an Gaoxin
							
Operating age¹	10 yrs	5.5 yrs	4.5 yrs	3.5 yrs	2.5 yrs	1 yr	4 months
1st rankings²	<ul style="list-style-type: none"> • Retail sales • CAGR • Daily Unit Area Sales 	<ul style="list-style-type: none"> • CAGR 	<ul style="list-style-type: none"> • CAGR • Retail sales 	<ul style="list-style-type: none"> • CAGR 	<ul style="list-style-type: none"> • Store area • Daily Unit Area Sales • Retail sales 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • N/A

Notes:
 1. As of 30 June 2006
 2. Source: Euromonitor

Ownership in Prime Locations

Self-owned properties in prime locations account for more than 69% of our total operating area



Store	Nanjing	Nantong	Yangzhou	Xuzhou	Suzhou	Xi'an Guomao	Xi'an Gaoxin
Owned or leased	Owned	Owned	Owned / leased	Owned	Leased	Leased	Leased
Operating area (sq. m)	25,034	5,711	26,713 / 1,896	37,183	12,089	6,923	21,136

* As a percentage of total operating area (sq m) as at 30 April 2006



Successful and Replicable Business Model



Our business model has enabled faster ramp-up of stores – each store has turned profitable within 2 financial years

Choice of cities

- ▶ Growth potential
- ▶ Competitive landscape

Site selection and mode

- ▶ Customer flow
- ▶ Rental fluctuations
- ▶ Renovation flexibility

Localisation

- ▶ Price level
- ▶ Product and brand mix
- ▶ Management

Centralised brand management

- ▶ Bargaining power
- ▶ Optimal brand portfolio

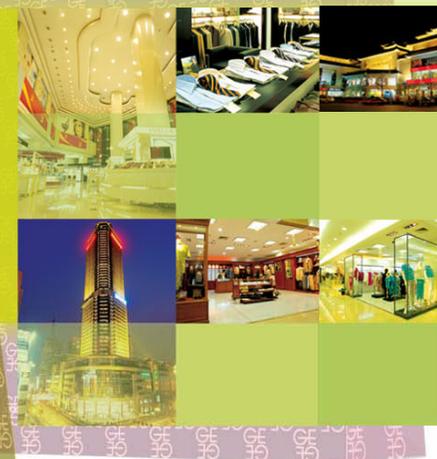
Operational programs and best practices

- ▶ Store design & decoration
- ▶ ERP system – real time update
- ▶ Data mining

Promotional programs

- ▶ Marketing plans
- ▶ VIP program
- ▶ GE Alliance

Future Plans and Strategies



Future Plans and Strategies

Store Openings /Acquisitions

- ▶ End of 2006 – Taizhou Store
- ▶ 2007 – Nanjing Xuanwu, Jiangsu Province
- ▶ 2008 – Huai An, Jiangsu Province
- ▶ Planning – Kunming, Yunnan Province
- ▶ Execute M&A strategy in addition to new store openings
- ▶ Rep. offices in Asia Pacific Region

Continue Ramp-up of Existing Stores

<u>Location</u>	<u>Store Operating Age</u>
Suzhou Store	3.5 years
Xuzhou Store	2.5 years
Xi'an Store	1 year
Xi'an Gaoxin Store	4 months

Operational Improvements

- ▶ ERP system
- ▶ CRM System
- ▶ Store renovation
- ▶ Cost control

Use of proceeds



Note: Proceeds amount based on the mid point of offer price range

Open Forum





Disclaimer

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