

**GOLDEN EAGLE RETAIL GROUP LTD:  
WHERE WILL THE CHAIRMAN GO FOR HONEY, NOW ?**

All things being equal and assuming that there is no hanky-panky – hanky-panky is the rule rather than the exception in companies, operating in the People's Republic of China (PRC) – the near-term future and the intermediate future of Golden Eagle Retail Group Ltd () (Code: 3308, Main Board, The Stock Exchange of Hongkong Ltd) looks very promising.

On May 3, 2006, this publicly listed company brought out its first Annual Report since launching its Initial Public Offering (IPO) in the Hongkong Special Administrative Region (HKSAR) of the PRC.

In that Annual Report, for the 12 months, ended December 31, 2005, this operator of up-market departmental stores in the Jiangsu Province of the PRC told its shareholders of its progress over the past 4 Financial Years.

That is the lion's portion of the information, relayed to shareholders:

	Financial Year, Ended December 31			
	2002	2003	2004	2005
	All Figures Are Denominated In Remninbi'000*			
Gross Sales Proceeds	1,036,573	1,442,121	2,107,054	2,858,669
Operating Revenue	235,685	303,540	481,699	739,770
Profit From Operations	41,864	75,231	156,497	364,992
Net Profit Attributable To Shareholders	5,910	35,345	91,970	225,954
Total Assets	972,018	1,227,859	1,191,108	2,033,504

\* \$HK1.00 = 1.04 renminbi

The Net Profit Attributable to Shareholders over the past 4 Financial Years has increased by a whopping 3,723 percent!

Considering that this Company is only 11 years old, it does appear that Management knows its eggs.

## **The IPO**

On March 8, 2006, Golden Eagle Retail launched its IPO by a Placing and Public Offer of 450 million, 10-cent (Hongkong) Shares at a price of between \$HK2.50 per Share and \$HK3.15 per Share (obviously, pitching the Offer at whatever price the market would bear).

The market for the shares of this Company in the HKSAR was, clearly, very hot because, by the time all of the applications for the Company's shares had been counted, it was discovered that the Public Offer tranche (originally, this tranche was only 45 million shares) had been over-subscribed some 307 times.

The clawback mechanism kicked in on this happy realisation, boosting the number of shares, Offered to the HKSAR investing public, to 225 million shares.

The Offer Price was set at the top of the wished-for range: \$HK3.15 per pop.

The Placing tranche (which was, originally, supposed to be 405 million shares) was reduced to 225 million shares and, at the end of the day, after all of the experts, financial advisors and bankers had taken their respective slices of this departmental-store '*pie*', the Company ended up with \$HK977 million.

**It should be pointed out, at this stage of this financial analysis, that only 112.50 million Shares were New Shares, the others, the Sales Shares, were those Shares, originally held by the Golden Eagle International Retail Group Ltd, an entity, owned and controlled by Mr Roger Wang Hung (), the 57 year-old Chairman of Golden Eagle Retail Group Ltd, who owns, today, 71.50 percent of the Issued and Fully Paid-Up Share Capital of the Company.**

**However, as was pointed out in the Prospectus, at Page 118 through to Page 122, companies under the control of Mr Roger Wang Hung owed about 640 million renminbi (about \$HK615.38 million) to the group of companies, under the '*umbrella*' of Golden Eagle Retail Group Ltd.**

**The selling shareholder, therefore, took the opportunity of the IPO to clear his financial decks, so to speak, by Placing his company's privately held shares in the Issued and Fully Paid-Up Share Capital of Golden Eagle Retail to institutions and using the proceeds, derived therefrom, to repay his debts to the publicly listed company.**

In addition, an Over-Allotment Option was granted – and ... [CLICK TO ORDER FULL ARTICLE](#)

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