

# Interim Results 2016

Enriching everyone's life  
一站式滿足生活所需



# Overview



- ▶ **Total GSP down by 4.6% and SSSG declined by 8.7%**
- ▶ **Combined margin increased by 0.5 percentage point to 17.6%**
- ▶ **Revenue increased by 5.6% to RMB2.2 billion**
- ▶ **EBIT and EBITDA increased by 5.8% and 8.5%, respectively**
- ▶ **Continuously improve operating capability and quality**
- ▶ **Enrich merchandise and service offerings**

# Brand Boost and Integration of Marketing Resources



# Brand Boost



Expanded communication channels to VIP customers, boosted GE brand with a long term plan

## 37°C's Love

- Cooperated with Nanjing Maternity and Child Health Care Hospital
- The first breast feeding site in China department stores, more than 1,000 young mothers participated
- Carried out experience sharing sessions on 20th of each month, attracted many target customers



# Mass Marketing by Social Media



- Based on customers' different shopping behaviors, organised specific customer social groups, with the use of all available relevant business resources
- With the use of O2O channels, increased VIP members' loyalty

## “G.E. Bodybuilding Talent” Online Vote

Cooperated with Pilates Fitness, more than 5,000 customers voted in one week and achieved more than 15,000 online views



“G.E. Lavender Bear” Luck draw  
Circulated by WeChat Moments,  
more than 1 million people  
participated in 24 hours

# Share Resources and Platform



## Share business resources and platform with strategic partners

- Over RMB10 million worth of free gifts shared with VIP customers on the platform in 1H2016
- Over 100 million page views per month
- 5 million customers and 5,000 suppliers participated



ESTÉE LAUDER

MICHAEL KORS



FURLA

Folli Follie

Samsønite



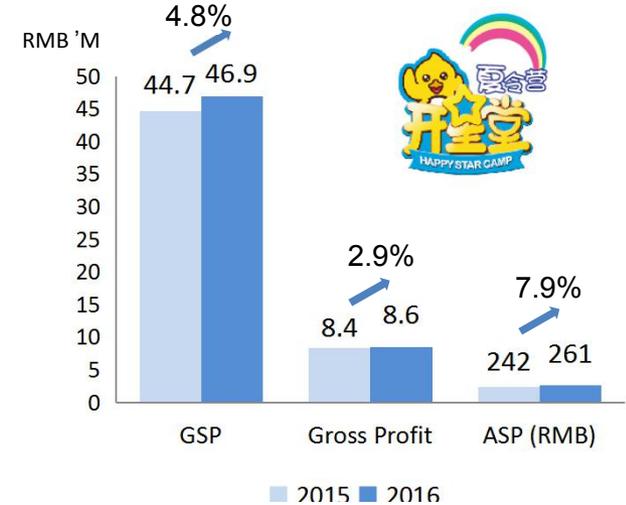
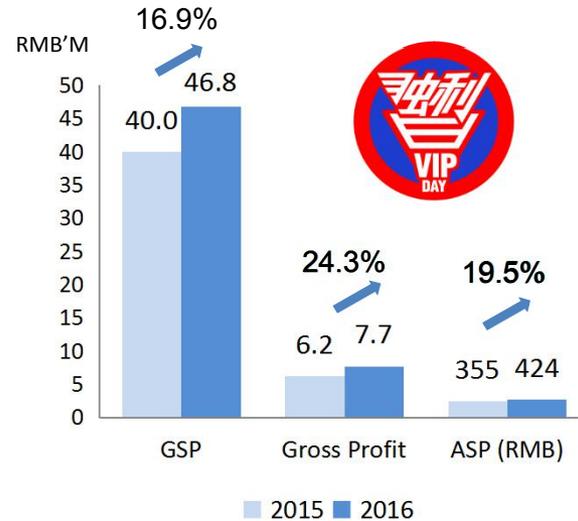
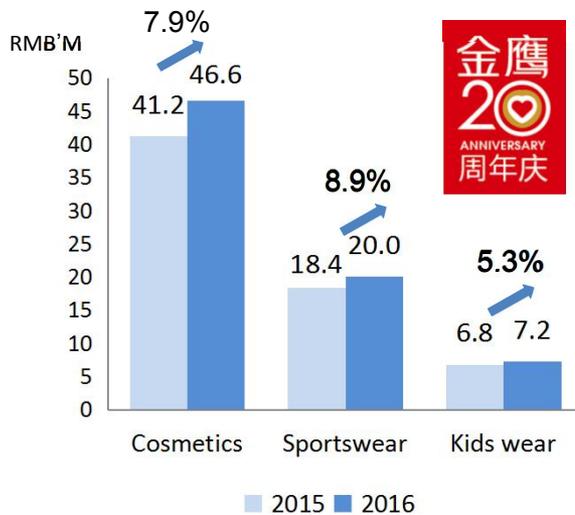
kate spade  
NEW YORK

PANDORA  
UNFORGETTABLE MOMENTS

# Efficient and Effective Marketing Events



- Integrated chain stores' resources, unified promotional campaigns with key merchandise brands
- Achieved both GSP and gross profit growth



# Merchandise Upgrade And Investment



# Merchandising Offering



- Offered a wide range of mid-to-high-end merchandises to meet the “one-stop shopping” needs of our customers

Merchandise Mix in 1H2016

Category	1H2016 GSP Contribution	1H2015 GSP Contribution	(+/-) % points	Top Performing Brands
Apparel & Accessories	47.9%	49.4%	-1.5	TEENIEWEENIE All That Bear, C31 ROTC LONDON, C.BANNER 千百度, Belle 百丽, COACH, V·GRASS, E·LAND, Safely 沙驰, INSUN
Gold, Jewellery and Timepieces	16.5%	18.4%	-1.9	老鳳祥, OMEGA, LONGINES 浪琴表, TIMEVALLÉE 时光天地, 周大福 CHOW TAI FOOK
Cosmetics	9.3%	8.8%	+0.5	LANCÔME PARIS, Dior, SK-II, CHANEL, CLINIQUE, ESTÉE LAUDER, AUPRES, LANEÏGE 兰芝, Kiehl's SINCE 1851
Outdoors Clothing and Sportswear	6.6%	5.6%	+1.0	SKECHERS World Famous, adidas, new balance, FILA, NIKE, Jack Wolfskin AT HOME OUTDOORS
Electronics and Appliances	4.0%	4.8%	-0.8	Canon, BOSE, Apple, HUAWEI, SONY
Tobacco and Wines, Household and Handicrafts	3.9%	3.9%	0	北京同仁堂, Fissler 菲仕乐, WMF, Violet 紫罗兰®
Children's Wear and Toys	3.5%	3.1%	+0.4	E·LAND KIDS, adidas kids, NikeKids, allo&lugh, PawPaw
Supermarket and Others	8.3%	6.0%	+2.3	Smart 金鷹超市, Mr.Pizza, 卢米埃影城 LUMIERE PAVILION, STARBUCKS COFFEE, 西贝 莜面村

# Merchandise Creation



## ARTIZ

- Impressive Korean style wedding photo studio, established in 2009
- Will open in GE Shanghai store in October 2016



## Pop-up Store

- Pop-up in rainy season in Nanjing from 6th to 20th July 2016
- Fun and flexible
- More than 10 brands participated

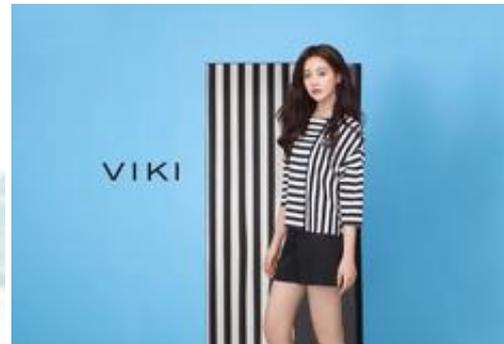


- Captured opportunities from China's rapid developing tourism market
- Entered into a strategic partnership with Beijing Caissa Travel, a China leading overseas-travel agent in China
- To open dozens of Caissa travel experience stores in the Group's chain stores





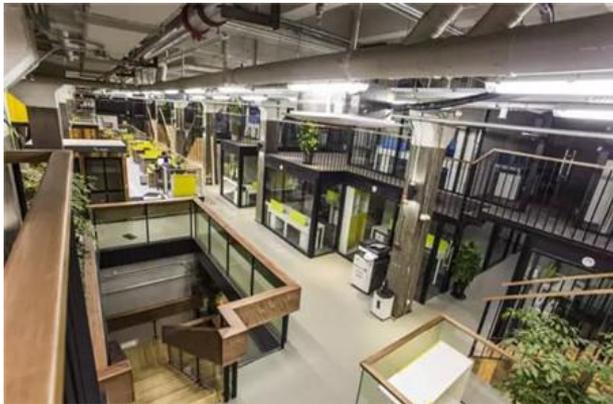
- Entered into a strategic investment and cooperation agreement with Shinwon Group, a renowned Korean apparel group
- To jointly develop Shinwon's apparel business and develop new apparel brand business in China
- To bring customers high-value-to-money latest fashion from Korea



- Entered into a strategic investment and cooperation with BLOVES, No.1 high-end custom jewelry wedding rings brand in China.
- Bring forth customers more customised and personalised products and services



- Entered into a strategic cooperation agreement with Fountown, a leading brand of shared office in China
- First store to be located in the Shanghai Store, with GFA over 10,000 sq.m.
- It will become a platform for startup makers to fuel their passion and seize more business opportunities for the Group





- The Group strategically invested in Korea's No.1 kids' footwear retailer - TOEBOX
- Jointly develop TOEBOX stores in Korea and China
- To enhance our competitiveness, interestingness and operating performance of kids' segment



Sponsor of Korean TV program "Where is the father going"?



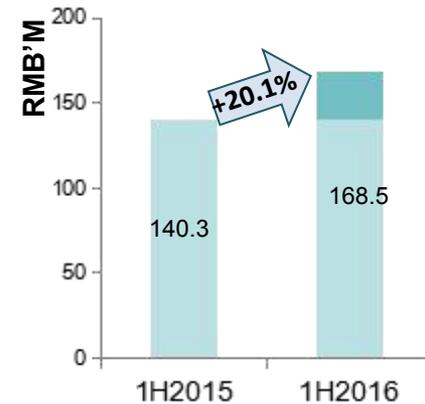
# Portfolio of Controllable Merchandise

## ▶ Continued to enrich value-for-money and distinctive merchandise offering

- Continued to focus on unique distinctive fashion brands as well as international household brands
- 67 controllable brands, 242 counters
- Developed a series of “premium quality man’s shirt” to further provide high-value-for-money merchandise
- 1H2016 GSP RMB168.5 million,  20.1% YOY



Controllable merchandise GSP



**埃及超细长绒棉GIZA45**  
柔软细腻 超过慕夏丝 **25%**

**GIZA 45**

产于埃及的长绒棉的一种，属从主产地埃拉特(GIZA)45。GIZA45为G228的升级版，其中G228在埃及、伊朗和土耳其均有生产，但产量有限，仅占全球埃及棉总产量的4%，其特点为纤维长度长且超过35厘米，纤维一致性高。（基本G228+4%的GIZA45）纤维强度高，抗皱耐穿，染色效果佳，是棉品上等原料，在世界上久负盛名，有“白金”美誉。

**埃及超细长绒棉GIZA45**  
全球销量最高、价值最高、占全球埃及棉产量25%

岁月沉淀、缔造精品面料  
Cotonificio Albini SpA公司旗下两大面料品牌  
THOMAS MASON, ALBINI面料生产

- 精造纱线，采用长而整齐的GIZA45埃及棉
- 意大利设计师设计，花型多变
- 意大利最高级的染整工艺，面料柔软且自然

**Albini GROUP**

## ▶ Continued to develop star business, G-mart premium supermarket

- One of the major traffic drawers, targeting customers who are looking for high quality of life experience
- G-Mart generated RMB270.2 million GSP in 1H2016,  9.3% YOY



# Automobile



- 1H2016 GSP RMB135.5 million
- Brought professional and convenient extensive value-added services to over thousands of VIP customers
  - ✓ 5 high-end second-hand car trading centers
  - ✓ 7 premium automobile maintenance service centers



# O2O Business Model Update



## ▶ Continued to develop O2O business model

- “goodee mobile App” registered over 5.5 million downloads, 📈 115% with various enhanced functions to upgrade customers’ shopping experience and convenience
- 1.4 million VIP customers connected their E-VIP cards with the App
- newly launched functions, including merchandise search , F&B information, G.E. Class, social media and marketing events.

A central graphic features a white smartphone displaying the Goodee mobile app interface. The app screen shows a location '新街口店' (Xinjie Kou Store), a 'ON SALE' banner, and various service icons such as '电子会员卡' (Electronic Member Card), '楼层导购' (Floor Guide), '积分兑换' (Points Redemption), '金鹰课堂' (Golden Eagle Classroom), '视光中心' (Optical Center), '智能停车' (Smart Parking), '疯狂星期三' (Crazy Wednesday), '金鹰汽车' (Golden Eagle Car), '享美食' (Enjoy Food), and '电影' (Movies). Below the phone, there are several circular icons representing app features: a red shopping bag for 'Merchandise Search', a green film reel for 'Movie Ticket Booking', a red fork and knife for 'F&amp;B Information', an orange eagle head for 'E-VIP Card', a blue tag with a percentage sign for 'Discount Coupons', and a grey 'P' with a car for 'Car Parking'. Two blue speech bubbles above the phone indicate '5.5 million Downloads' and '1.4 million Active users'. The Golden Eagle logo is positioned in the top right corner of this graphic area.

# O2O Business Model Update



## “金鷹购 Jinying.com”

- Cooperated with German department store KARSTADT and pharmacy chain STERN APOTHEKE through overseas supply chain direct sourcing
- Created the "dining selection" theme, expanded lifestyle merchandise offering, direct supply from domestic origins and farm cooperation

## “Crazy Wednesday” “Boost Friday”

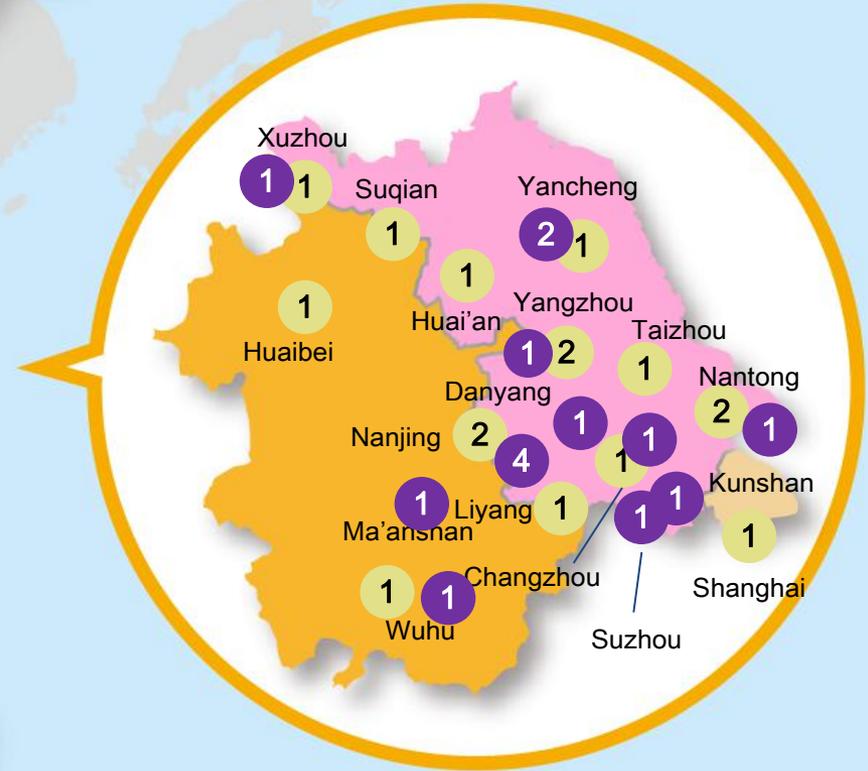
- Created 100,000 on-line traffic every week
- Extended the online platform to G-Mart, focused on value-for-money merchandising, pick up in store, increased off-line sales



# Our Future Network



By the end of 2019, Golden Eagle will have 34 stores over China, with GFA of 2.9 million sq.m.



	No. of Stores	sq.m.
● Lifestyle Center	17	2.2M
● Department Store	17	0.7M
<b>Total</b>	<b>34</b>	<b>2.9M</b>

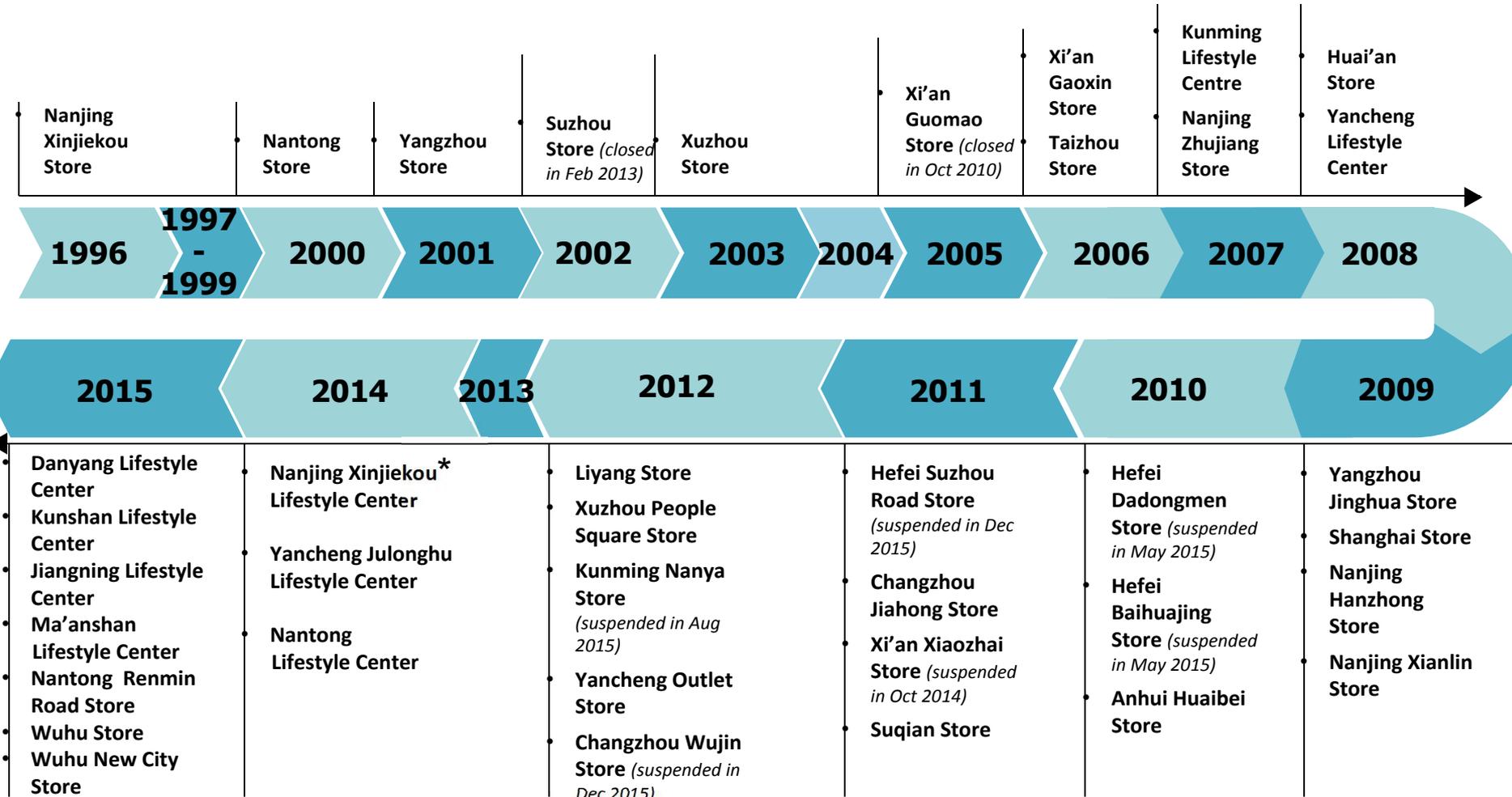
# Business Review



# Growing Presence in the PRC



- ▶ The Group's total GFA as at 30 June 2016 was 1,766,394 sq.m.
- ▶ Out of 29 operating stores, 10 stores are in the format of lifestyle center



\* Nanjing Xinjiiekou Store, together with the additional area of 81,098 sq.m., was upgraded to a lifestyle center in April 2014

# Self Owned Properties



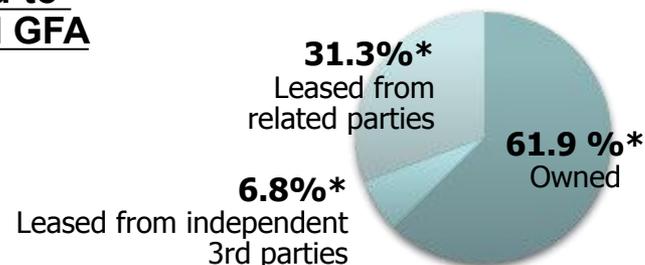
▶ **Self-owned properties in prime locations account for 61.9%\* of our GFA**

▶ **58.6%\* of our GFA is in the format of lifestyle center**

# In the format of lifestyle center

\* As a percentage of total GFA (sq. m.) as at 30 Jun 2016

**Owned-to-leased GFA ratio**



	Store (in operation)	Owned / Leased	GFA (sq. m.)		Store (in operation)	Owned / Leased	GFA (sq. m.)
1	Nanjing Xijiekou #	Owned / Leased	85,303 / 29,242	16	Changzhou Jiahong	Owned / Leased	18,362 / 34,183
2	Nantong	Owned	9,297	17	Suqian	Owned	65,410
3	Yangzhou	Owned / Leased	37,562 / 3,450	18	Liyang	Owned / Leased	53,469 / 18,355
4	Xuzhou	Owned	59,934	19	Xuzhou People's Square	Owned	37,457
5	Xi'an Gaoxin	Owned	27,287	20	Yancheng Outlet	Leased	18,377
6	Taizhou	Owned	58,374	21	Yancheng Julonghu #	Leased	110,848
7	Kunming #	Owned	116,817	22	Nantong (lifestyle) #	Owned	94,700
8	Nanjing Zhujiang	Leased	33,578	23	Danyang #	Leased	52,976
9	Huai'an	Owned	55,768	24	Kunshan #	Owned	118,500
10	Yancheng #	Owned	95,904	25	Nanjing Jiangning #	Leased	144,710
11	Yangzhou Jinghua	Leased	29,598	26	Ma'anshan #	Leased	87,568
12	Shanghai	Leased	19,668	27	Nantong Renmin Road	Owned	30,191
13	Nanjing Hanzhong	Leased	12,462	28	Wuhu	Owned	30,629
14	Nanjing Xianlin	Leased	42,795	29	Wuhu New City #	Owned	98,906
15	Anhui Huaibei	Leased	34,714		<b>Total</b>		<b>1,766,394</b>

# A Broad VIP Customer Base



## A broad and growing VIP customer base continued to strengthen customer loyalty to pave way for long-term growth

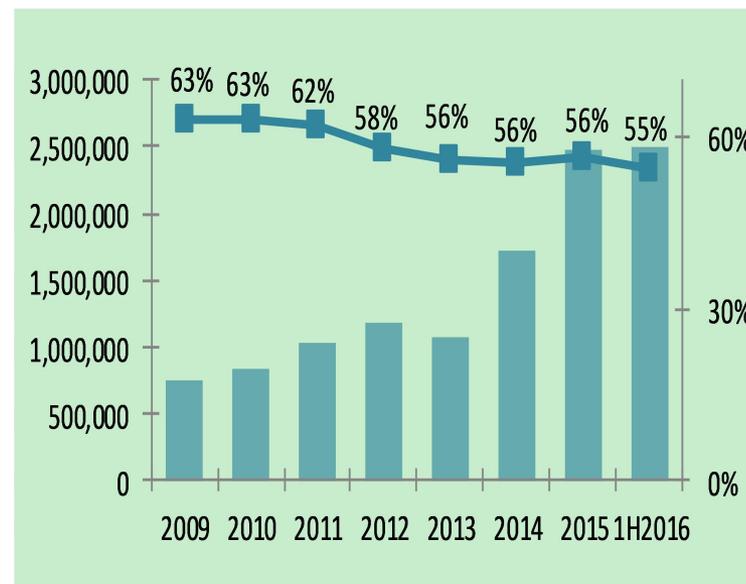
- ▶ 2.5 million members\*
- ▶ VIP consumption accounted for 54.6% of total GSP in 1H2016
- ▶ 2 types:
  - i) G. Club: Platinum and Gold, application and renewal based on spending
  - ii) G. Point: Pre-VIP, free to apply and point awards only
- ▶ Point awards, exclusive benefits
- ▶ Introduced co-branded credit cards with different banks

\* As at 30 Jun 2016

### VIP consumption

VIP members

% of Total GSP



# Store Sales



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

	Chain Store	Years into operation <sup>(1)</sup>	Retail OFA (sq.m.)	Lifestyle OFA (sq.m.)	Total OFA (sq.m.) <sup>(2)</sup>	1H2016 Sales (RMB'M)	SSSG (%)	1H 2016 ASP <sup>(3)</sup> (RMB)	1H 2015 ASP <sup>(3)</sup> (RMB)
1	Nanjing Xinjiekou Lifestyle Center	20	55,678	24,931	80,609	1,447	-8.2%	1,448	1,410
2	Nantong <sup>(4)</sup>	15.5	5,693	64	5,757	68	-30.0%	869	1,056
3	Yangzhou	14.5	27,176	1,705	28,881	687	-14.2%	1,173	1,118
4	Xuzhou	12.5	37,282	6,037	43,319	802	-10.0%	998	975
5	Xi'an Gaoxin	10	18,726	1,991	20,717	417	-16.1%	1,244	1,225
6	Taizhou	9.5	32,119	8,761	40,880	396	-4.8%	994	876
7	Kunming Lifestyle Center	9	40,781	37,259	78,040	297	-16.2%	817	895
8	Nanjing Zhujiang	8.5	18,833	7,674	26,507	199	-18.0%	754	744
9	Huai'an	7.5	26,959	6,838	33,797	231	-8.8%	874	870
10	Yancheng Lifestyle Center	7.5	42,032	18,042	60,074	581	-6.5%	1,039	1,007

(1) As at 30 Jun 2016

(2) Retail OFA of 823,326 sq.m., Lifestyle OFA of 394,415 sq.m. and total OFA of 1,217,741 sq.m. as at 30 Jun 2016

(3) Excluding supermarket sales. Same store ASP RMB 878 (1H2015: RMB 880) ↓ 0.2%

(4) Nantong store will be upgraded to sport themed concept store in Oct 2016

# Store Sales (Cont'd)



	Chain Store	Years into operation (1)	Retail OFA (sq.m.)	Lifestyle OFA (sq.m.)	Total OFA (sq.m.) (2)	1H2016 Sales (RMB'M)	SSSG (%)	1H 2016 ASP (3) (RMB)	1H 2015 ASP (3) (RMB)
11	Yangzhou Jinghua	7	18,251	964	19,215	276	-0.9%	751	690
12	Shanghai	7	1,614	0	1,614	34 (5)	-25.5%(5)	7,029	5,806
13	Nanjing Hanzhong	7	9,783	553	10,336	136	-5.9%	410	404
14	Nanjing Xianlin	6.5	29,924	3,566	33,490	375	-0.7%	496	481
15	Anhui Huaibei	5.5	22,812	5,986	28,798	173	-6.2%	600	616
16	Changzhou Jiahong	5	25,159	9,768	34,927	25	-26.7%	395	441
17	Suqian	4.5	40,759	10,499	51,258	231	0.7%	731	656
18	Liyang	4.5	28,180	18,491	46,671	79	-30.0%	641	609
19	Xuzhou People's Square	4.5	15,896	11,256	27,152	135	-8.5%	619	706

(1) As at 30 Jun 2016

(2) Retail OFA of 823,326 sq.m., Lifestyle OFA of 394,415 sq.m. and total OFA of 1,217,741 sq.m. as at 30 Jun 2016

(3) Excluding supermarket sales. Same store ASP RMB878(1H2015: RMB880) 0.2%

(5) Store closed for major revamp since 30 May 2014

# Store Sales (Cont'd)



	Chain Store	Years into operation(1)	Retail OFA (sq.m.)	Lifestyle OFA (sq.m.)	Total OFA (sq.m.)(2)	1H2016 Sales (RMB'M)	SSSG (%)	1H 2016 ASP (3) (RMB)	1H 2015 ASP (3) (RMB)
20	Yancheng Outlet	4	12,861	2,327	15,188	75	6.4%	367	351
21	Yancheng Julonghu Lifestyle Center	2	52,522	34,371	86,893	198	20.4%	755	781
22	Nantong Lifestyle Center	1.5	36,684	9,503	46,187	188	16.3%	827	748
23	Danyang Lifestyle Center	Jan 2015	29,117	11,383	40,500	62	-26.5%	556	643
24	Kunshan Lifestyle Center	Jan 2015	44,989	32,843	77,832	196	38.1%	717	743
25	Jiangning Lifestyle Center	Jul 2015	68,792	37,541	106,331	194	-	649	-
26	Ma'anshan Lifestyle Center	Aug 2015	32,784	29,516	62,300	137	-	680	-
27	Wuhu Shopping Center	Dec 2015	24,933	3,316	28,249	94	-	701	-
28	Nantong (6) Renmin Road	Dec 2015	-	-	-	-	-	-	-
29	Wuhu (6) New City	Dec 2015	-	-	-	-	-	-	-

(1) As at 30 Jun 2016

(2) Retail OFA of 823,326 sq.m., Lifestyle OFA of 394,415 sq.m. and total OFA of 1,217,741 sq.m. as at 30 Jun 2016

(3) Excluding supermarket sales. Same store ASP RMB878 (1H2015: RMB880) 0.2%

(6) Acquired in Dec 2015 and currently under major revamp

# Upcoming New Stores



# Upcoming New Stores



	Re-opening store GFA (sq.m.)	Owned / Leased	GFA	Re-opening Time
1	Shanghai Store	Leased	19,668	Sept 2016
2	Nantong Renmin Road	Owned	30,191	Sept 2016
3	Wuhu New City @	Owned	98,906	Sept 2016

	Upcoming store GFA (sq.m.)	Owned / Leased	2H2016	2017 and onwards
1	Qujiang, Shaanxi @	Managed	48,502	
2	Suzhou 2, Jiangsu @	Owned	176,764 &	
3	Xianlin Additional, Nanjing @	Owned		168,900
4	Hexi, Nanjing @	Leased		274,000
5	Jiangdu, Yangzhou @	Owned		250,000
6	Xuzhou Additional, Jiangsu @	Leased		58,800
7	Changzhou 3, Jiangsu	Leased		60,000
8	Danyang Additional, Jiangsu @	Leased		58,100
	<b>Total</b>	<b>1,095,066</b>	<b>225,266</b>	<b>869,800</b>
	% Year End GFA Increase	1,766,394 (as at 30 Jun 2016)	12.8%	43.7%
	% of Owned Properties (GFA)		63.8%	59.0%
	% of Owned Properties and Properties Leased from Related Parties (GFA)		91.5%	92.0%
	Estimated Max Capex. (RMB)		<b>Around 1.2 billion each year</b>	

@ To be in the format of comprehensive lifestyle center  
& Including car parking spaces of 44,741 sq.m..

# Financial Highlights



# 1H2016 Profit Analysis

*Six months ended 30 Jun  
(RMB million)*

## Gross Sales Proceeds (GSP)

	1H2016	1H2015	(+/-)
Gross Sales Proceeds (GSP)	8,015.3	8,398.7	-4.6%
Concessionaire Sales	6,701.0	7,266.6	-7.8%
Direct Sales	1,042.1	1,005.7	+3.6%
Rental Income	149.2	108.2	+38.0%
Sales of Properties	67.2	-	n/a
Others	55.8	18.2	206.6%
Gross Profit	1,364.3	1,324.3	+3.0%
Profit Attributable to Shareholders	228.6	586.3	-61.0%
EPS – Basic (RMB)	0.136	0.330	-58.8%
Interim and Special Dividends	0.218	0.110	+98.2%
EBIT	646.8	611.3	+5.8%
EBITDA	849.0	782.7	+8.5%

# 1H2016 Margin Analysis

*Six months ended 30 Jun  
(RMB million)*

	<b>1H2016</b>	<b>1H2015</b>	<b>(+/- ) % points</b>
<b>Gross Margin</b>	19.9%	18.4%	+1.5
<b>Concessionaire rate from concessionaire sales (focusing on productive sales)</b>	17.6%	17.1%	+0.5
<b>Merchandise sales margin</b>	20.5%	20.5%	-
<b>Automobile sales margin</b>	0.6%	1.6%	-1.0
<b>Sales of Properties</b>	26.4%	-	n/a

# Financial Position



<i>RMB million</i>	<b>As at 30 Jun 2016</b>	<b>As at 31 Dec 2015 (restated)</b>
<b>Total Assets</b>	19,800.0	19,828.0
<b>Total Liabilities</b>	14,711.4	14,720.0
<b>Net Assets</b>	5,088.6	5,108.0
<b>Cash and Near Cash</b> (note 1)	4,204.3	4,290.9
<b>Total Borrowings</b>	9,172.7	8,311.8
Gold commodity loans	680.1	-
Short-term Loans	351.3	233.7
10-Year Secured Bank Loans	659.0	778.5
3-Year Syndicated Loans	4,996.9	4,866.4
10-Year Senior Notes	2,485.4	2,433.2
<b>Net Debts</b>	(4,968.4)	(4,020.9)
<b>Gearing Ratio</b> (note 2)	46.3%	42.0%

Note 1: *Cash and near cash represents bank balances and cash and various short-term bank related deposits, including investments in interest bearing instruments, structured bank deposits and restricted cash*

Note 2: *Gearing ratio = total borrowings / total assets*

# Cash Flow Statement



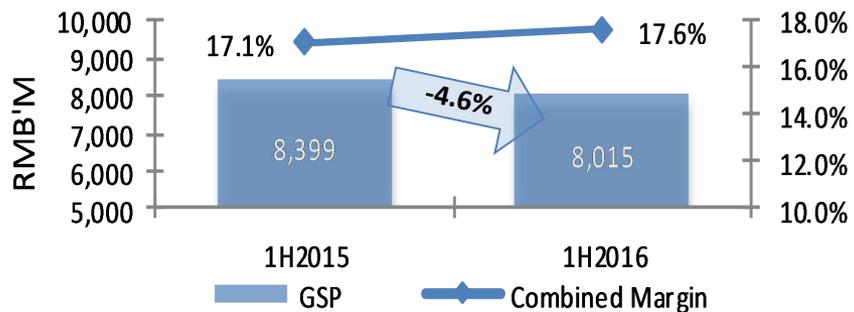
## Half Year vs. Full Year Balance Sheet

*Six months ended 30 Jun*  
*(RMB million)*

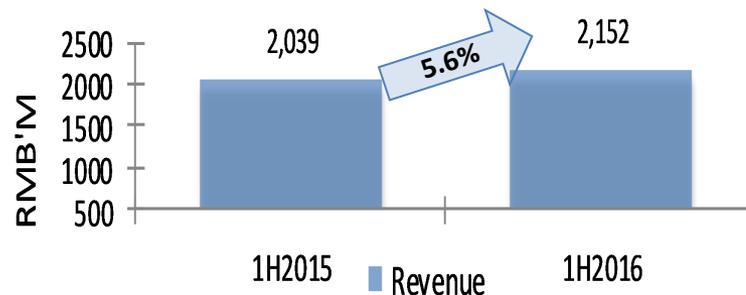
	<b>1H2016 vs. FY2015</b>	<b>1H2015 vs. FY2014</b>
<b>Net cash used in operating activities</b>	<b>(246.0)</b>	<b>(100.4)</b>
- Operating cash flows before working capital movements	854.3	889.1
- Decrease in trade and other payables	(637.1)	(421.7)
<b>Net cash used in investing activities</b>	<b>(363.2)</b>	<b>(542.4)</b>
- Capex for the period	(208.0)	(905.1)
- Changes in short-term bank related deposits	(188.8)	794.9
- Interests in joint venture and associates	90.7	(542.3)
<b>Net cash generated from financing activities</b>	<b>323.6</b>	<b>317.5</b>
- Increase in net bank and related borrowings	670.0	1,063.9
- Repurchase of own shares	(94.1)	(349.4)
- Dividends paid to owners of the Company	(101.9)	(268.5)
<b>Net decrease in cash and cash equivalents</b>	<b><u>(285.6)</u></b>	<b><u>(325.3)</u></b>

# Growth and profitability

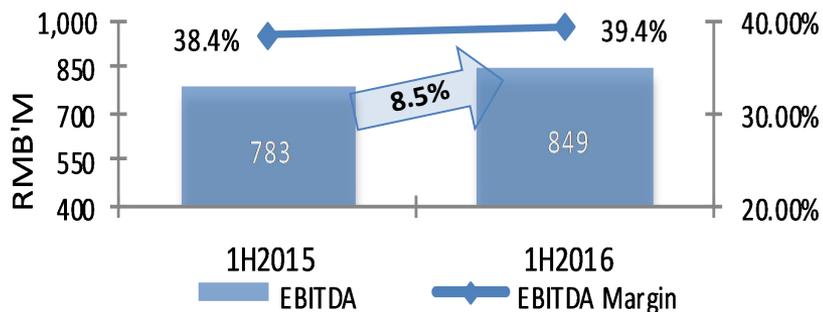
## GSP & Combined Margin



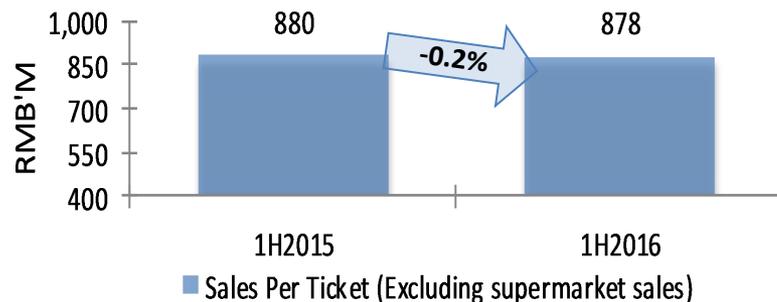
## Revenue



## EBITDA



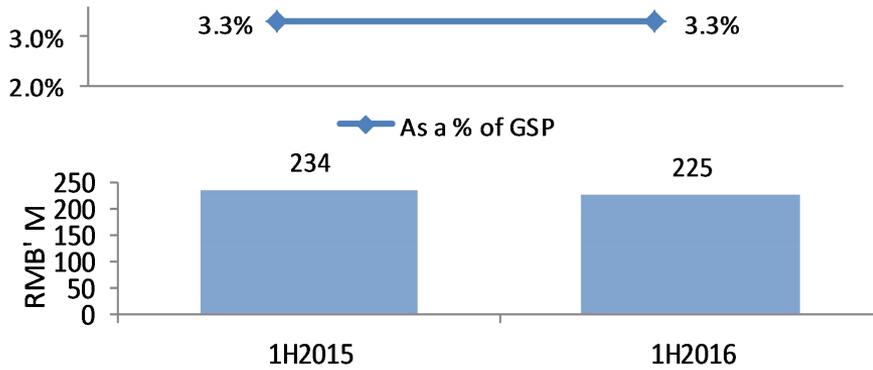
## Sales Per Ticket (same store basis)



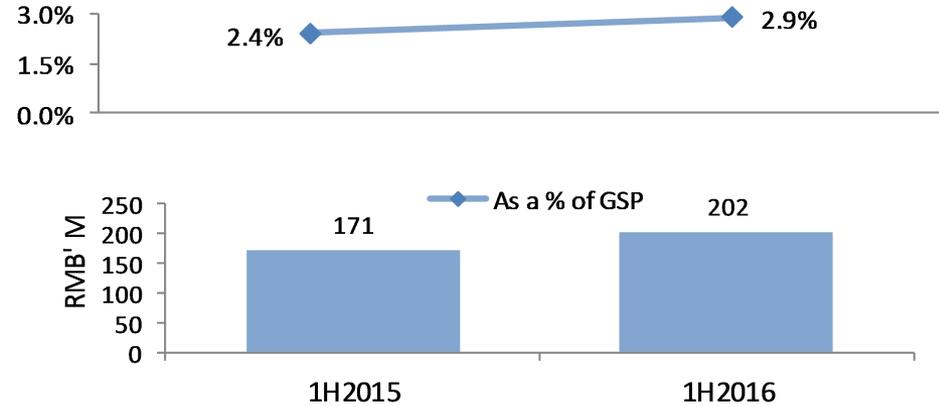
# Expense ratio



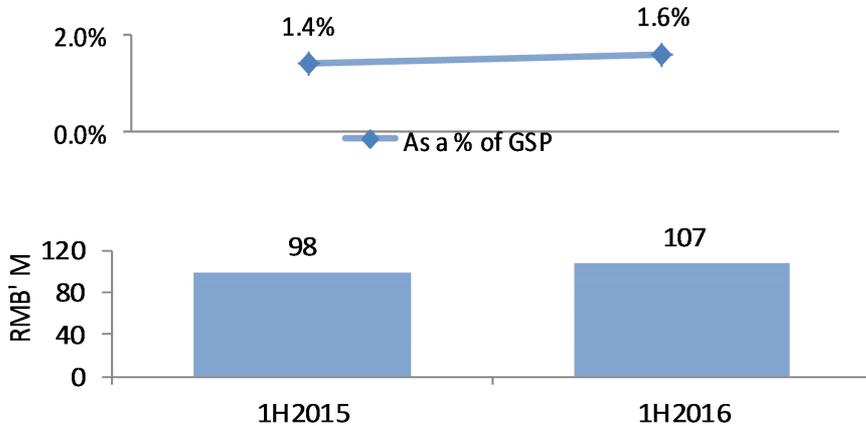
## Staff Expense



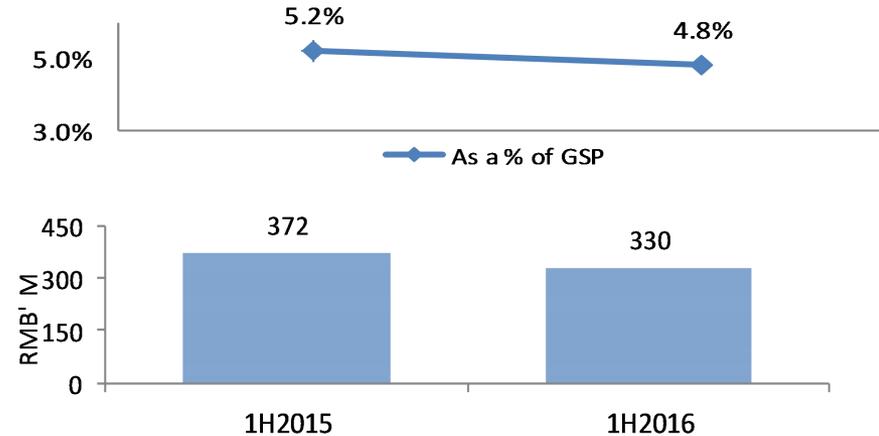
## Depreciation and Amortisation



## Rental Expense



## Other Operating Expenses



# Open Forum



# Disclaimer



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