



金鷹

GOLDEN EAGLE

金鷹商貿集團有限公司

GOLDEN EAGLE RETAIL GROUP LIMITED

Incorporated in the Cayman Islands with limited liability

Stock code:3308





Lifestyle

Interim Results 2013



August 2013

Achievements in 1H2013

- ▶ **Maintained stable performance amid challenging market landscape**
 - ✓ Total GSP increased to RMB8.6 billion,  7.1%
 - ✓ Concessionaire rate reduced to 17.2%,  1.8% points
 - ✓ Profit from operations reduced to RMB763.3 million,  4.7%
 - ✓ Profit for the period maintained at RMB630.1 million,  1.9%
- ▶ **Same store sales growth (“SSSG”) maintained at a stable level of 5.6%**
- ▶ **Number of VIPs reached around 1.1 million, accounting for 54.7% of the Group’s total GSP**
- ▶ **Stay focused on core goals**
 - ✓ To enhance the performance of established old stores and shorten the ramp-up period of young stores
 - ✓ To prepare for our future comprehensive lifestyle-one-stop shopping destination

1H2013 Financial Highlights



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

<i>Six months ended 30 Jun (RMB million)</i>	1H2013	1H2012	(+/-)
Gross Sales Proceeds (GSP)	8,622.5	8,050.4	+7.1%
Concessionaire Sales	7,833.7	7,338.0	+6.8%
Direct Sales	738.1	664.8	+11.0%
Rental Income	39.8	38.6	+3.0%
Management Service Fees	10.9	9.0	+22.8%
Gross Profit	1,313.9	1,333.4	- 1.5%
Other Operating Income	108.4	109.4	- 0.9%
Operating Expenses	659.0	642.1	+2.6%
EBIT (Profit from operations)	763.3	800.7	-4.7%
EBITDA	869.5	898.3	-3.2%
Profit Attributable to Shareholders	630.3	618.9	+1.8%
EPS – Basic (RMB)	0.330	0.319	+3.4%

1H2013 Margin Analysis

<i>Six months ended 30 Jun</i> (%)	1H2013	1H2012	(+/-) % points
Concessionaire rate from concessionaire sales	17.2%	19.0%	- 1.8
Direct sales margin	18.0%	17.7%	+ 0.3
Combined margin	17.3%	18.9%	- 1.6
Impact on combined margin from gold and jewellery sales			- 0.8
Expenses to GSP	8.9%	9.3%	- 0.4
EBIT margin to GSP	10.4%	11.6%	- 1.2
NP margin to GSP	8.5%	9.0%	- 0.5
(NP margin excludes 2011 & 2012 stores)	10.3%	10.7%	- 0.4

Financial Position

<i>RMB million</i>	As at 30 Jun 2013	As at 31 Dec 2012
Total Assets	14,276.1	13,786.5
Total Liabilities	9,382.6	8,488.9
Net Assets	4,893.5	5,297.6
Cash and Near Cash (note 1)	5,506.5	4,964.5
Total Borrowings	4,730.2	3,210.7
Short-term Loans	185.4	1,079.0
3-Year Syndicated Loans	2,104.9	2,131.7
10-Year Senior Notes	2,439.9	-
Net Cash	776.3	1,753.8
Gearing Ratio (note 2)	33.1%	23.3%
Adjusted Gearing Ratio (note 3)	32.3%	17.5%

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

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

Note 3: *Adjusted gearing ratio excludes short-term bank loans with equivalent amount of bank deposits as guarantees*

Cash Flow Statement



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*Six months ended 30 Jun
(RMB million)*

**1H2013
VS
FY2012**

**1H2012
VS
FY2011**

**1H2011
VS
FY2010**

Net cash (used in) from operating activities

- PRC tax prepayments
- Decrease in trade and other payables
- Changes in deferred revenue

(41.4)

121.9

542.9

(82.0)

(65.3)

(16.8)

(564.3)

(418.8)

(265.7)

(38.2)

33.6

140.8

Net cash used in investing activities

- Capex for the period
- Changes in short-term bank related deposits

(66.4)

(370.7)

(1,607.5)

(178.5)

(620.5)

(745.0)

(141.2)

134.0

(840.0)

Net cash from financing activities

- Increase in borrowings
- Repurchase of own shares

516.4

440.5

107.9

1,581.3

995.5

395.0

(660.8)

(182.8)

-

Net increase (decrease) in cash and cash equivalents

408.6

191.7

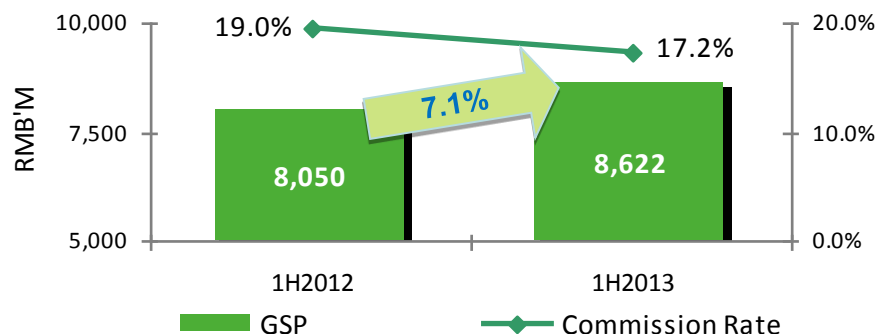
(956.7)

Stable Growth and Profitability

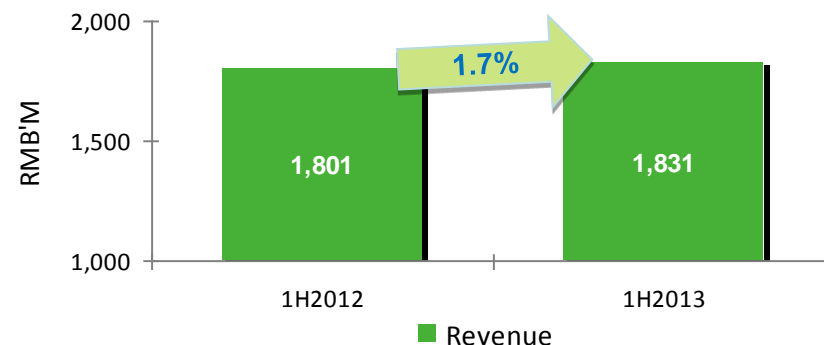


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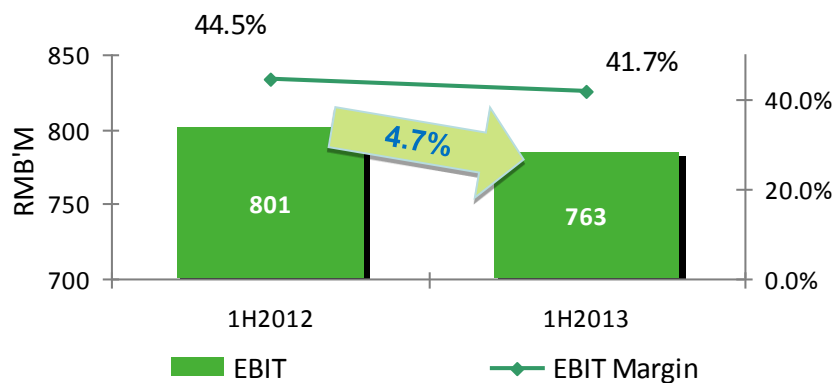
GSP & Commission Rate



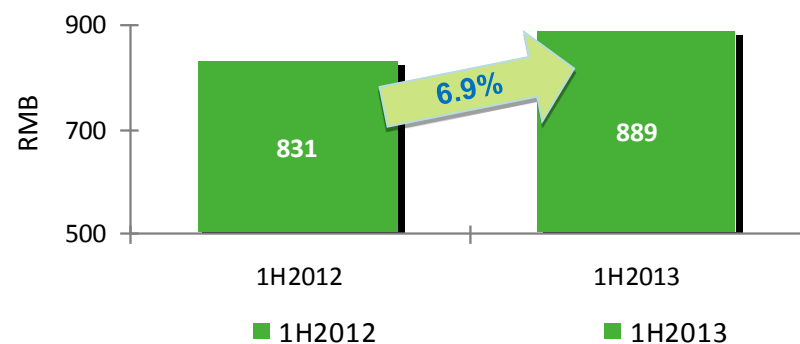
Revenue



Profit from Operations (EBIT)

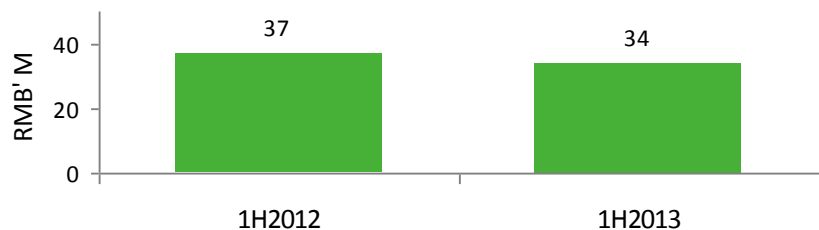
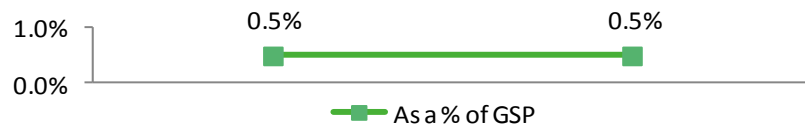


Sales Per Ticket (same store basis)

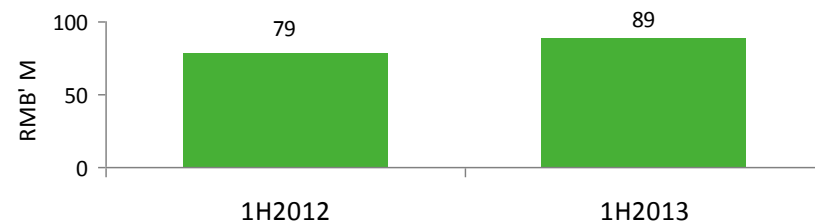


Stable Expense Ratios

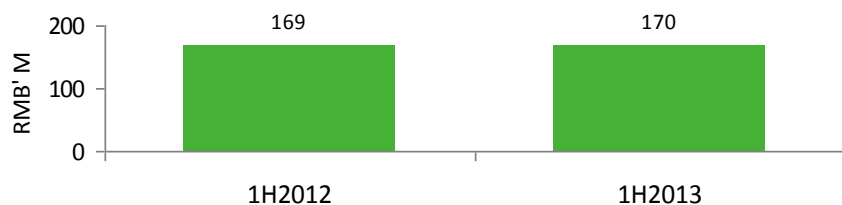
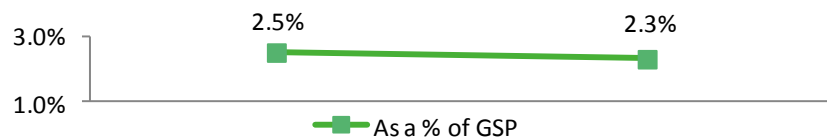
Advertising and Promotion Expense



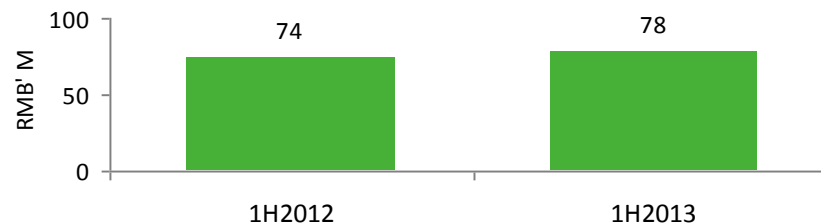
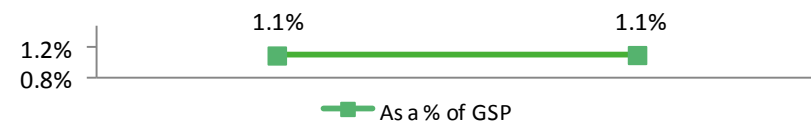
Rental Expense



Staff Expense



Water and Electricity Expense



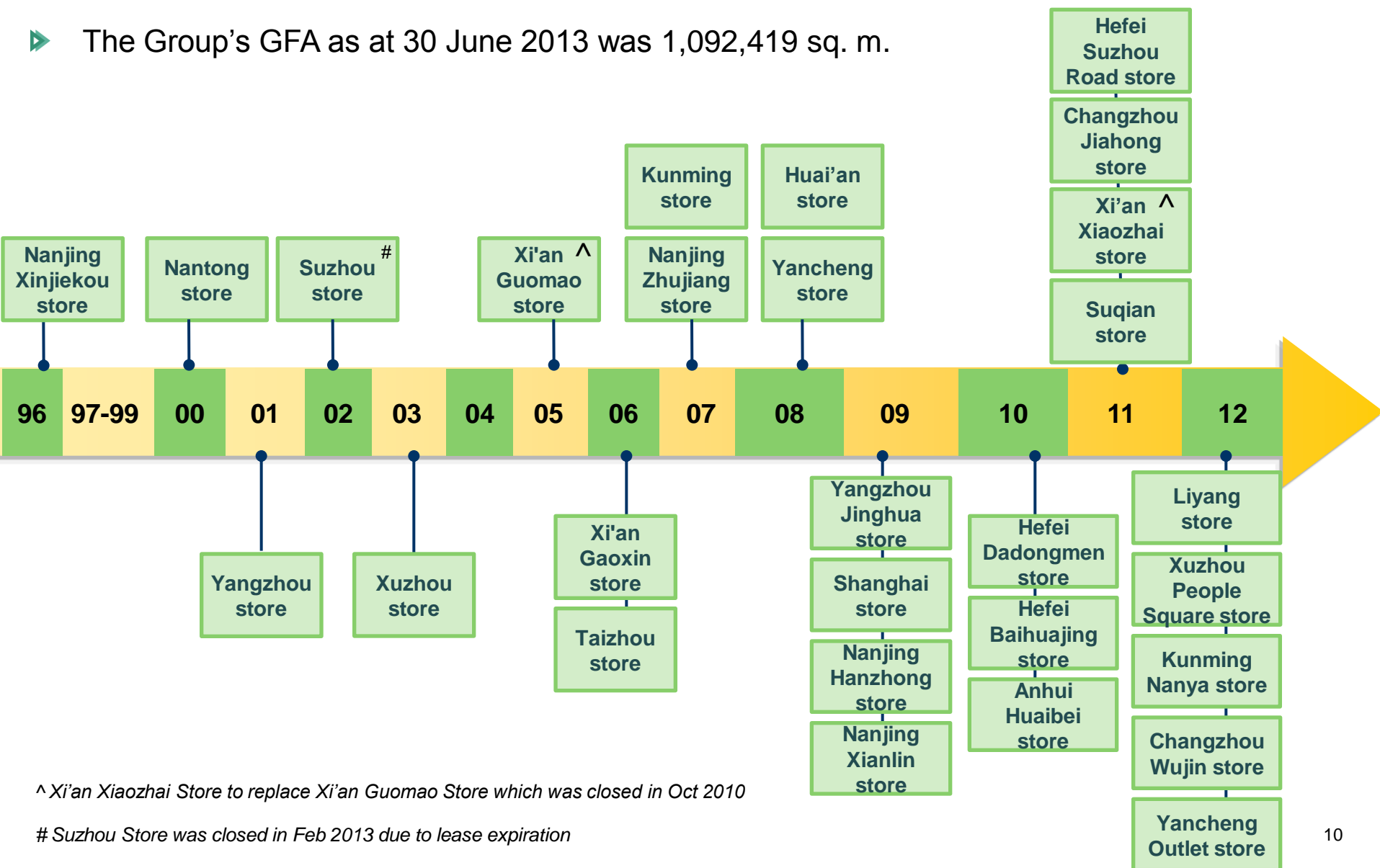


Lifestyle

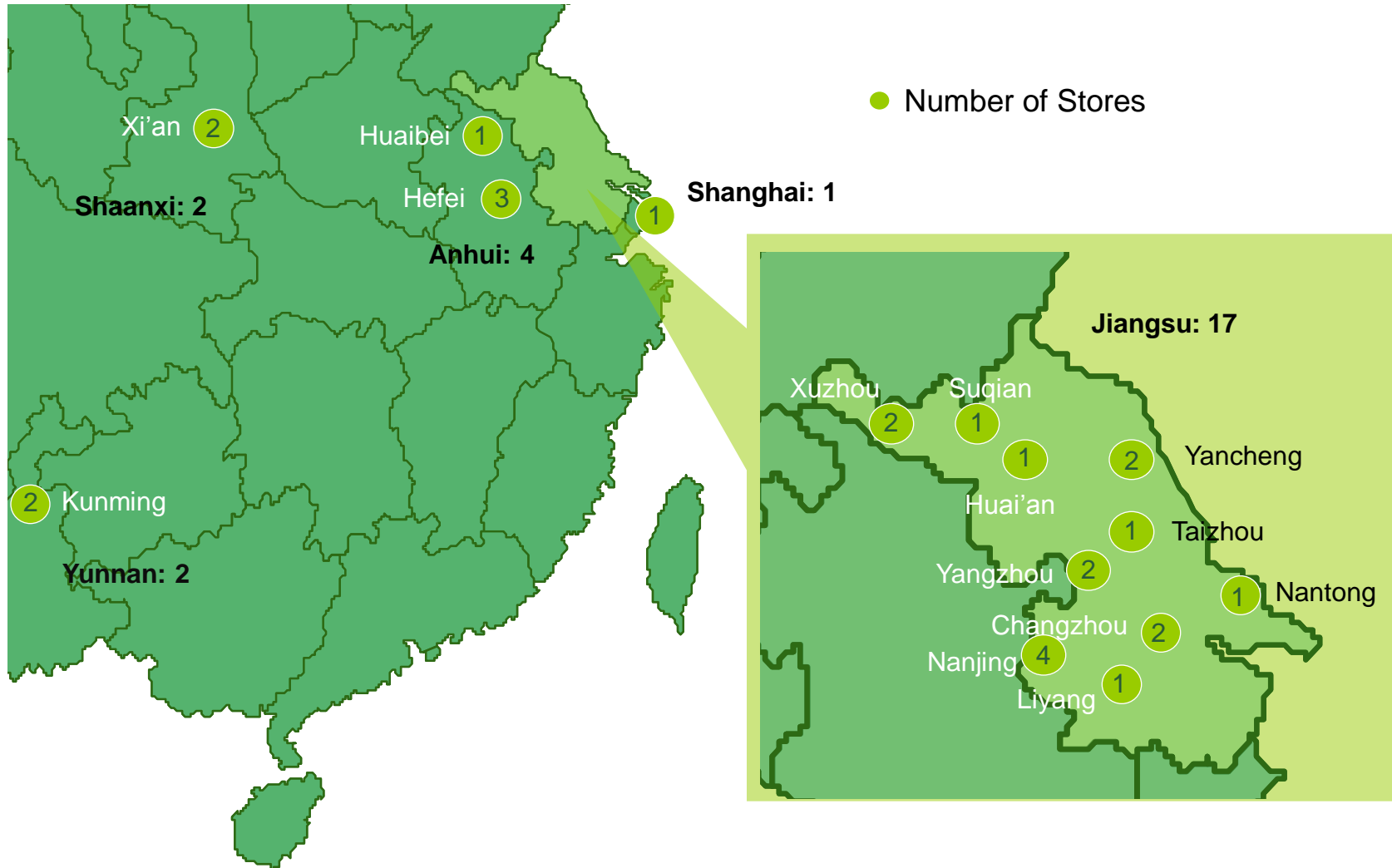
Business Review

Growing Presence in the PRC

► The Group's GFA as at 30 June 2013 was 1,092,419 sq. m.



Extensive Store Network



Rapidly Growing Store Sales



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GOLDEN EAGLE RETAIL GROUP LIMITED

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

Chain Store	Years into operation ⁽¹⁾	Retail OFA (sq.m.)	Leasing OFA (sq.m.)	Total OFA (sq.m.) ⁽²⁾	1H2013 Sales (RMB'M)	SSSG (%)	1H2013 ASP (RMB) ⁽³⁾	1H2012 ASP (RMB) ⁽³⁾
Nanjing Xinjiekou	17	24,837	207	25,044	1,846 ⁽⁴⁾	-2.6% ⁽⁴⁾	1,362	1,231
Nantong	12.5	5,757	-	5,757	144	-6.8%	993	850
Yangzhou	11.5	28,368	515	28,883	864	4.8%	979	853
Xuzhou	9.5	41,105	2,404	43,509	1,027	7.0%	921	811
Xi'an Gaoxin	7	19,402	1,348	20,750	618	3.3%	1,128	1,008
Taizhou	6.5	38,010	2,454	40,464	431	5.5%	809	696
Kunming	6	43,820	34,205	78,025	328	27.8%	989	963
Nanjing Zhujiang	5.5	24,179	1,928	26,107	335	11.1%	727	615

(1) As at 30 June 2013

(2) Total operating area of 785,468 sq.m. as at 30 June 2013

(3) Excluding supermarket sales

(4) Xinjiekou Phase 2 construction nearby

Rapidly Growing Store Sales

(Cont'd)



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

Chain Store	Years into operation ⁽¹⁾	Retail OFA (sq.m.)	Leasing OFA (sq.m.)	Total OFA (sq.m.) ⁽²⁾	1H2013 Sales (RMB'M)	SSSG (%)	1H2013 ASP (RMB) ⁽³⁾	1H2012 ASP (RMB) ⁽³⁾
Huai'an	4.5	30,912	2,827	33,739	244	11.9%	784	692
Yancheng	4.5	45,145	14,458	59,603	593 ⁽⁵⁾	20.1% ⁽⁵⁾	843	718
Yangzhou Jinghua	4	18,786	434	19,220	202	33.0%	571	519
Shanghai	4	15,138	98	15,236	166	-23.7%	3,071	3,008
Nanjing Hanzhong	4	9,898	449	10,347	125 ⁽⁶⁾	13.2% ⁽⁶⁾	369	305
Nanjing Xianlin	3.5	32,086	1,088	33,174	290	39.8%	419	374
Hefei Dadongmen	2.5	8,656	-	8,656	97 ⁽⁷⁾	-45.9% ⁽⁷⁾	2,910	3,405
Hefei Baihuajing	2.5	9,602	183	9,785	106	-13.1%	900	1,030
Anhui Huaibei	2.5	26,323	1,782	28,105	150	34.5%	586	532

(1) As at 30 June 2013

(2) Total operating area of 785,468 sq.m. as at 30 June 2013

(3) Excluding supermarket sales

(5) Including sales contribution from 11,000 sq.m. additional GFA opened in July 2012

(6) Road reconstruction during the period under review which is expected to be completed in 2014. Undertook 3 months store major revamp in Feb 2012

(7) Subway constructions during the period under review which are expected to be completed in 2015

Rapidly Growing Store Sales

(Cont'd)



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GOLDEN EAGLE RETAIL GROUP LIMITED

Chain Store	Years into operation ⁽¹⁾	Retail OFA (sq.m.)	Leasing OFA (sq.m.)	Total OFA (sq.m.) ⁽²⁾	1H2013 Sales (RMB'M)	SSSG (%)	1H2013 ASP (RMB) ⁽³⁾	1H2012 ASP (RMB) ⁽³⁾
Hefei Suzhou Road	2.5	40,401	6,987	47,388	154	3.8%	782	813
Changzhou Jiahong	2	24,571	997	25,568	44	18.7%	488	469
Xi'an Xiaozhai	2	13,715	708	14,423	94	18.4%	546	562
Suqian	1.5	50,443	1,205	51,648	138	46.6%	448	407
Liyang	1.5	38,011	8,493	46,504	104 ⁽⁸⁾	16.3%	525	484
Xuzhou People's Square	1.5	22,626	4,527	27,153	142 ⁽⁸⁾	27.6%	585	586
Kunming Nanya	1.5	28,137	711	28,848	75 ⁽⁸⁾	110.1%	782	669
Changzhou Wujin	1	40,635	2,364	42,999	138 ⁽⁸⁾	N/A	753	731
Yancheng Outlet	1	13,524	1,009	14,533	46 ⁽⁸⁾	N/A	298	254

(1) As at 30 June 2013

(2) Total operating area of 785,468 sq.m. as at 30 June 2013

(3) Excluding supermarket sales

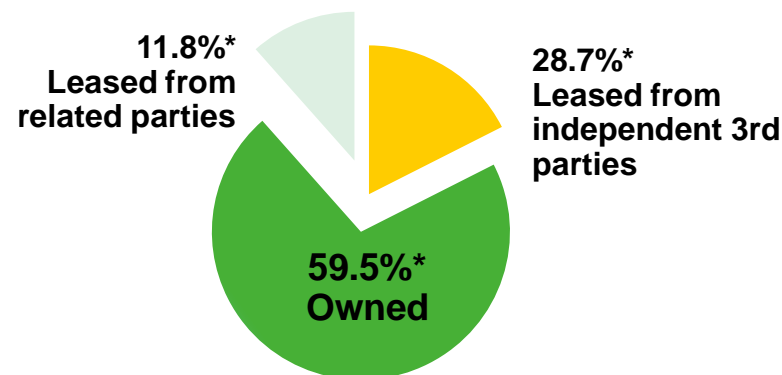
(8) Excluding from SSSG calculation

Self Owned Properties

- Self-owned properties in prime locations account for 59.5%* of our GFA

* As a percentage of total GFA (sq. m.) as at 30 June 2013

Store (in operation)	Owned / Leased	GFA (sq. m.)
Nanjing Xinjiekou	Owned	33,447
Nantong	Owned	9,297
Yangzhou	Owned / Leased	37,562 / 3,450
Xuzhou	Owned	59,934
Xi'an Gaoxin	Owned	27,287
Taizhou	Owned	58,374
Kunming	Owned	116,817
Nanjing Zhujiang	Leased	33,578
Huai'an	Owned	55,768
Yancheng	Owned	95,026
Yangzhou Jinghua	Leased	29,598
Shanghai	Leased	21,306
Nanjing Hanzhong	Leased	12,462
Nanjing Xianlin	Leased	42,795



Owned-to-leased GFA ratio

Store (in operation)	Owned / Leased	GFA (sq. m.)
Hefei Dadongmen	Leased	10,356
Hefei Baihuajing	Leased	12,294
Anhui Huaibei	Leased	34,714
Hefei Suzhou Road	Leased	59,906
Changzhou Jiahong	Leased	33,460
Xi'an Xiaozhai	Leased	19,000
Suqian	Owned / Leased	65,410 / 539
Liyang	Owned / Leased	53,469 / 18,355
Xuzhou People's Square	Owned	37,768
Kunming Nanya	Leased	36,870
Changzhou Wujin	Leased	55,200
Yancheng Outlet	Leased	18,377

Total

1,092,419

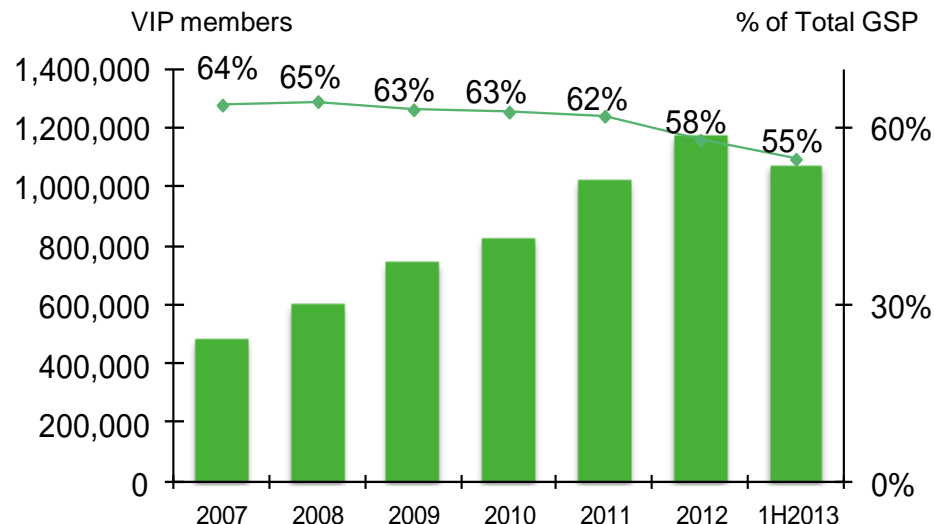
A Broad VIP Customer Base

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

- ▶ Over 1,071,000 members*
- ▶ VIP consumption accounted for 54.7% of total GSP in 1H2013
- ▶ VIP consumption accounted for more than 60% for matured stores
- ▶ 3 classes: Platinum, Gold and Silver
- ▶ Application and renewal based on spending
- ▶ Bonus awards, exclusive benefits
- ▶ Introduced co-branded credit cards with different banks

* As at 30 June 2013

VIP consumption



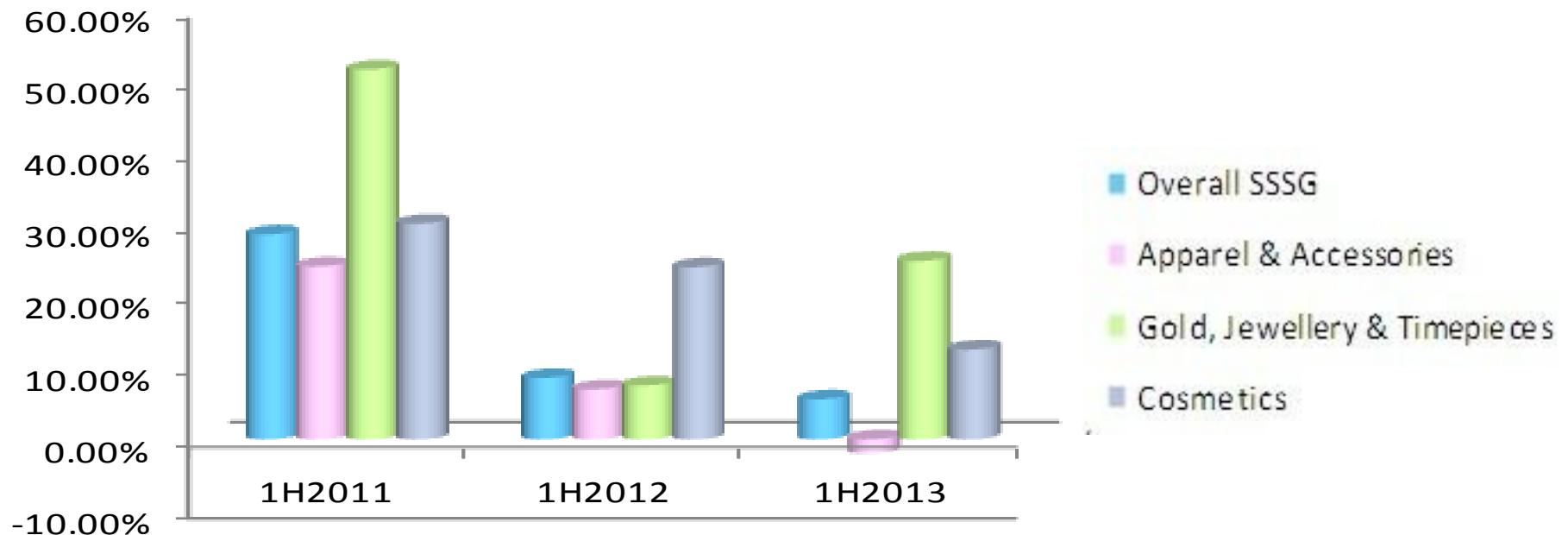
Merchandising Offering

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

Merchandise Mix in 1H2013

Category	1H2013 GSP Contribution	Top Performing Brands
Apparel & Accessories	51.0%	    
Gold, Jewellery and Timepieces	23.4%	     
Cosmetics	8.2%	    
Tobacco and Wines, Household and Handicrafts	4.9%	     
Electronics and Appliances	4.8%	    
Sportswear	3.6%	    
Children's Wear and Toys	2.4%	   
Supermarket & Others	1.7%	 <p>Golden Eagle “Gmart” Premium Supermarket</p>

Category Sales Growth (Same Store Basis)



	Overall SSSG	Apparel & Accessories	Gold, Jewellery & Timepieces	Cosmetics
1H2011	28.7%	24.2%	51.8%	30.2%
1H2012	8.6%	7.0%	7.5%	24.1%
1H2013	5.6%	-2.0%	25.0%	12.6%



Lifestyle

Future Strategies

Operating and Growth Strategy



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

1

Maintain Dominant Position in Jiangsu Province and Build Nationwide Network

2

Continue to Secure Self-owned Properties or Long-Term Leases

3

Develop More Mega Stores with Comprehensive Lifestyle One-Stop Shopping Concept

4

Further Develop and Utilize Intelligent E-platform



“The Leading Stylish Premium Department Store Operator”

A wide-angle photograph of a city skyline at night, featuring numerous illuminated skyscrapers and commercial buildings. The scene is brightly lit with warm yellow and orange lights from the buildings, contrasting with the dark blue sky.

5

Continue to Retain and Expand VIP Customers Base

6

Servicing and Merchandising

7

Continue to Enhance Operating Efficiency and Profitability

8

Explore and Develop E-Commerce Sales Channel

Upcoming New Stores



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

Upcoming store GFA (sqm)	Owned / Leased	2013	2014	2015	2016
Changzhou Jiahong Additional, Jiangsu	Leased	18,362			
Xi'an 3, Shaanxi	Leased	62,500			
Xinjiekou Phase II, Nanjing (in phases)	Owned / Managed		50,000 / 11,100 *	- / 22,000 *	
Danyang, Jiangsu (in phases)	Leased		52,100	58,100	
Yancheng 3, Jiangsu	Owned		100,000 *		
Nantong 2, Jiangsu	Owned		64,900		
Kunshan, Jiangsu	Owned		118,500		
Hefei 4, Anhui	Leased		22,400		
Jiangning, Nanjing	Owned			127,000	
Ma'anshan, Anhui	Owned			76,000 *	
Wujiang, Jiangsu	Owned			57,800	
Hexi, Nanjing	Owned / Managed				160,000 / 114,000
Suzhou 2, Jiangsu	Owned				136,400
Xuzhou Additional, Jiangsu	Owned / Managed				48,800 / 10,000
Changzhou 3, Jiangsu	Owned				80,000
Changzhou 4, Jiangsu	Leased				60,000
Chuzhou, Anhui	Managed [#]				60,000*
Total	1,509,862	80,862	419,000	340,900	669,200
% Year End GFA Increase	1,092,419 ^ (as at 30 June 2013)	7.4%	35.7%	21.4%	34.6%
% of Owned Property (GFA)		55.4%	61.8%	64.4%	64.2%
Estimated Capex. (RMB)		1.5 Billion	around 2 Billion each year		

^ Suzhou Store (GFA 14,958 sq. m.) was closed in Feb 2013 due to lease expiration

* Revised / additional after March 2013 Annual Presentation

3 years managed contract from day of operation with first right to lease

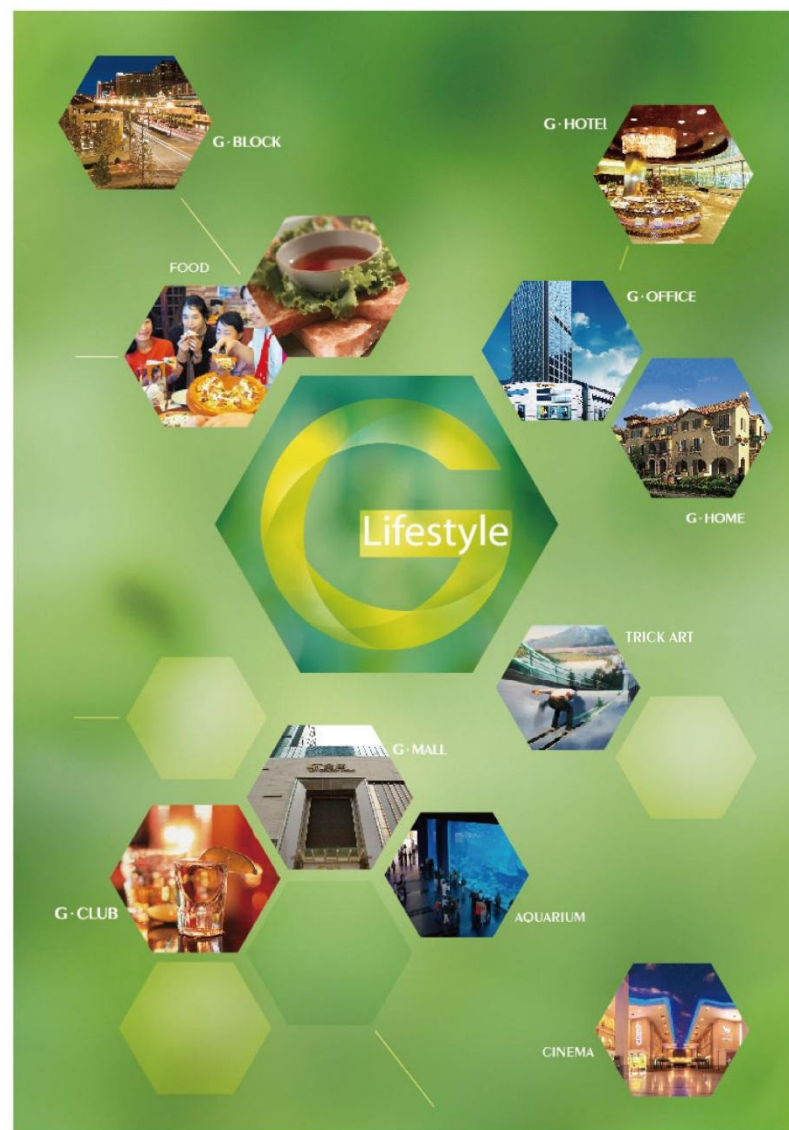
Collaborations with Strategic Partners

Collaborations with Other Service Providers

- ▶ To reach out to various service providers at home and abroad
- ▶ Form strategic alliances and co-operation agreements with these service providers so as to further enrich products and services offered to our customers

Collaborations with Property Developers / Landlords

- ▶ Strategic alliance with reputable property developers and landlords, enables the Company to enlarge its scope of value-added services offered including but not limited to hotel, residential, offices and commercial hubs



Successful SAP Implementation



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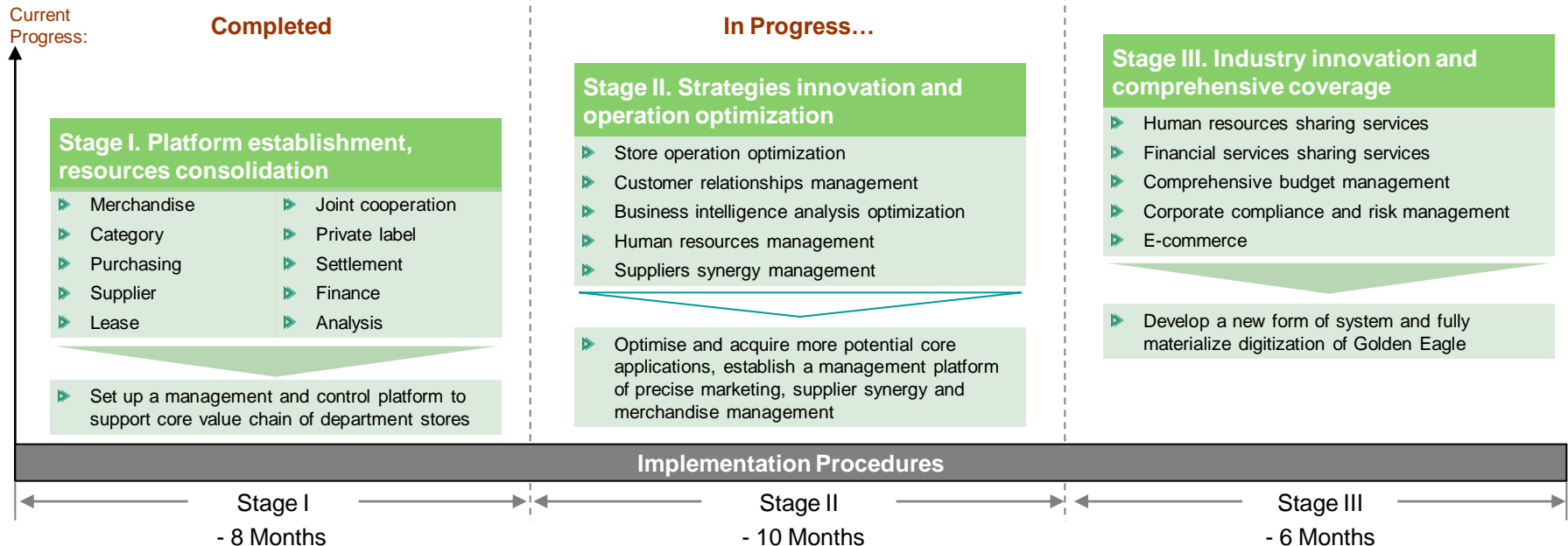
Areas of Implementation

- Develop a comprehensive management system to strengthen headquarters management and control capabilities
- Develop an intelligent business analysis platform that can provide solutions from operation to strategies and from information to knowledge
- Consistently consolidate existing systems and data and achieve comprehensive financial control

Benefits of SAP Implementation

- Achieve financial and operational integration
- Achieve centralized management of suppliers, brands and commodities data and reinforce the foundation for e-commerce
- Real-time mobile sales management delivers highly efficient store operational management
- Business Intelligence delivers intelligent operation

SAP Implementation Roadmap



Projects On-Going

Intelligent Operation

- ▶ **WIFI Application** lays a solid foundation for industry leading value-added customer services
- ▶ **Mobile POS**
 - Already rollout in 9 stores, including Nanjing Xinjiekou and Xuzhou Stores
 - Target rollout for entire store portfolio in 2H2013
 - Improve sales efficiency and reduce operating costs
 - Uplift shopping experiences
- ▶ **Goodee Mobile App (掌上金鷹)**
 - 140,000 active users
 - Provide personalized and distinguished service information, such as VIP award point enquiries
 - Groundwork preparation for GE e-commerce

▶ Electronic VIP Card

- Industry leading service to further enhance shopping experiences and provide convenience to customers
- Reduce VIP member administrative costs



Information Management Systems and CRM - SAP

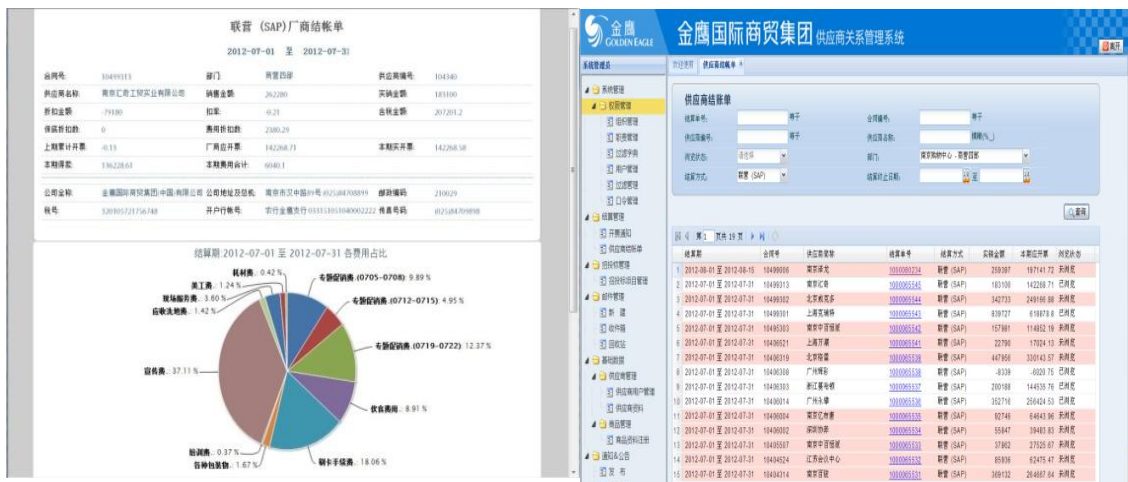


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Projects On-Going

Intelligent Operation

- ▶ Launched supplier collaboration platform to provide value-added services and BI to suppliers
- ▶ Intelligent capital management platform enhances capital utilization
- ▶ Collaborative work platform delivers highly efficient operational management



Intelligent Services

- ▶ Extend the application of BI and materialize precise marketing
- ▶ Transform from conventional newspaper advertising to new media such as mobile APP, network, microblog, etc.



A large, stylized graphic on the left side of the slide. It consists of two overlapping circular bands, one in a vibrant yellow and the other in a deep green, creating a sense of depth and movement. The word "Lifestyle" is centered within the yellow band.

Lifestyle

Open Forum

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