



Annual Results 2016

22 March 2017

Agenda

- Financial Review
- Business Review
- Future Plans
- Open Forum



0 台 4 **Financial** Review



Financial Summary

(RMB '000)	2016	2015	+/-	Change
Revenue from principal business	10,847,005	10,572,672	+274,333	2.6%
EBIT (EBIT Margin)	283,504 <i>(2.6%)</i>	275,325 (2.6%)	+8,179	3.0%
Interest expenses	149,054	161,946	-12,892	-8.0%
Profit before tax	134,450	113,379	+21,071	18.6%
Profit attributable to shareholders	26,686	24,865	+1,821	7.3%
Basic EPS (RMB cents)	0.06	0.06	0	0%



Financial Summary – Gross Profit & Other Income

(RMB '000)	2016	2015	+/-	Change
Revenue from principal business	10,847,005	10,572,672	+274,333	2.6%
Gross profit	1,353,179	1,352,009	+1,170	0.1%
Other income	1,034,569	959,805	+74,764	7.8%
Gross profit & other income	2,387,748	2,311,814	+75,934	3.3%
(Gross profit & other income)/ revenue from principal business	22.0%	21.9%	-	0.1 p.p.



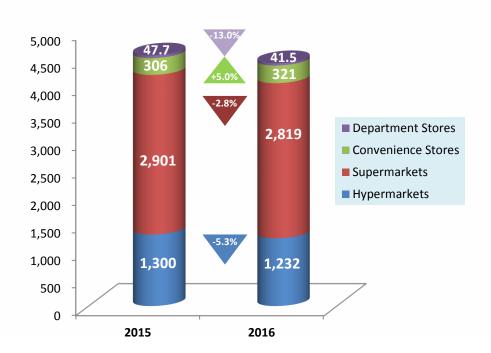
Financial Summary – Cost Breakdown

(RMB '000)	2016	2015	+/-	Change
Selling and distribution cost & Administration expenses	2,073,918	1,980,691	+93,227	4.7%
(Selling and distribution costs & Administration expenses)/ revenue from principal business	19.1%	18.7%	-	0.4 p.p.
Including:				
Marketing expenses	439,450	396,640	+42,810	10.8%
Energy expenses	105,813	113,460	-7,647	-6.7%
Post-employment benefits contribution & Social security	149,954	142,029	+7,925	5.6%
Transportation expenses	154,741	116,678	+38,063	32.6%



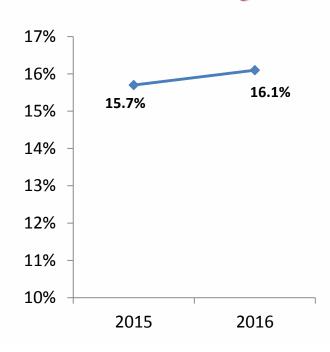
Retail Business (Directly-operated)

(RMB million)



Revenue Breakdown by Retail Segments

Gross Profit Margin*



 Refers to the GP margin of directly-operated hypermarkets, supermarkets and convenience stores.



Retail Business (Directly-operated)

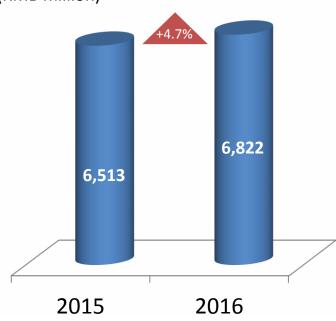
	Hyperi	market Supermarket		Convenience Store		
For the year ended 31 December	2016	2015	2016	2015	2016	2015
Number of directly operated stores	12	12	66	72	107	106
Total operating area ('000 sq.m.)	86.1	86.1	144.8	156.1	21.0	20.2
Average area per store ('000 sq.m.)	7.2	7.2	2.1	2.2	0.19	0.20
Revenue / Operating area / day (RMB)	43.7	47.1	65.8	62.3	37.6	49.7
Average value per transaction (RMB)	79.4	78.8	54.0	52.4	21.4	20.9

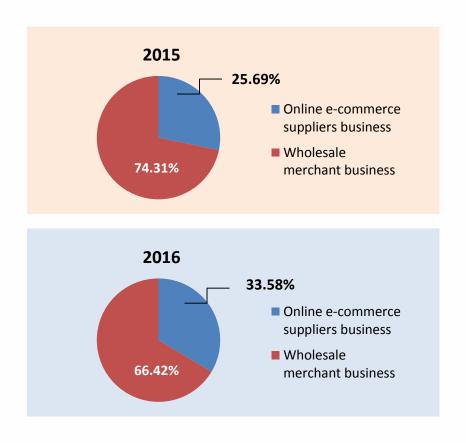


Wholesale Business

Revenue from principal business*

(RMB million)





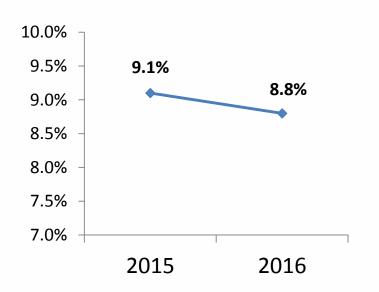
^{*} Refers to revenue from principal business recognised by Chaopi Trading and its subsidiaries including intersegment sales

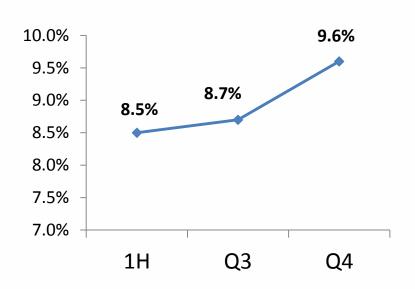


Wholesale Business

Gross Profit Margin*

Gross Profit Margin Trend in 2016





^{*} Refers to gross profit margin recognized by Chaopi Trading and its subsidiaries including intersegment sales



Financial Figures – Turnover Days

For the year ended 31 December	Retail Business		Wholesale Business	
	2016	2015	2016	2015
Inventory turnover days	38	35	73	69
Debtor turnover days	2	2	93	98
Creditor turnover days	83	74	57	43





Retail Business

Adjusting store-opening strategies and improving the environment of the stores

- > 13 stores (including 2 supermarkets and 11 convenience stores) were renovated and upgraded
- ➤ 6 stores (including 3 directly-operated convenience stores and 3 franchise-operated convenience stores) were newly opened
- ➤ 6 supermarkets, 2 directly-operated convenience stores and 11 franchise-operated convenience stores were closed down

Number and net operating area of retail outlets as at 31 December 2016								
	Department Stores	Hypermarket	Supermarket	Convenience Stores	Total			
Number of retail outlets:	Number of retail outlets:							
Directly -operated	2	12	66	107	187			
Franchise-operated	-	-	1	60	61			
Total	2	12	67	167	248			
Net operating area (square meters):								
Directly-operated	39,742	86,089	144,827	21,005	291,663			
Franchise-operated	-	-	880	11,590	12,470			
Total	39,742	86,089	145,707	32,595	304,133			



Retail Business

Adjusted product mix to enhance product competitiveness:

- ➤ Paid greater attention to the consumption demand of the younger customers, and introduced innovative and trendy products
- > Increased the level of product concentration and speed up the product turnover rate

Focused on the operation of live and fresh produce:

- Formulated the "Standards on Operation of Live and Fresh Produce 2.0"
- > 73 outlets were upgraded and reformed according to the "Standards"

Promoted development of the mobile app business:

- Upgraded the original platform-shopping mode into the "supermarket shopping mode"
- ➤ Live and fresh produce was made available online with the number of varieties operated increasing to over 10,000



Wholesale Business

Continuous expansion of e-commerce supplier business:

- Strengthened the in-depth cooperation with major e-commerce platforms
- Adhered to the goal of refined management, therefore achieving a rapid growth in e-commerce sales

Optimization of product mix and expansion of distribution network:

- > Stepped up development of tailor-made goods and its own brands by launching the brands of leisure snacks, nuts and condiments
- Took part in diversified promotion activities, particularly the international food and beverage exhibition

Logistics costs control and efficiency enhancement:

- Financed logistics efficiency by upgrading the information management system and optimizing the procedures
- > Strived to develop third-party logistics business by ways of advertising on websites and in train compartments





Future Plans

Retail Business

- ➤ Bring out the advantages of physical stores and promote the combined development of online and offline business
 - Continue to take "product + service" as the foundation and further standardize, streamline and professionalize the business operation
 - Enrich the categories with health, green and functional products to cater for the evolution of consumption demand
 - Accelerate the adjustment of the business format of convenience stores and develop value-added services
 - Integrate online and offline businesses through WeChat channels, physical stores and the transference of members to strengthen the promotion of the Jingkelong mobile app
 - Optimize the app features to cater for diversified needs of the customers



Future Plans

Wholesale Business

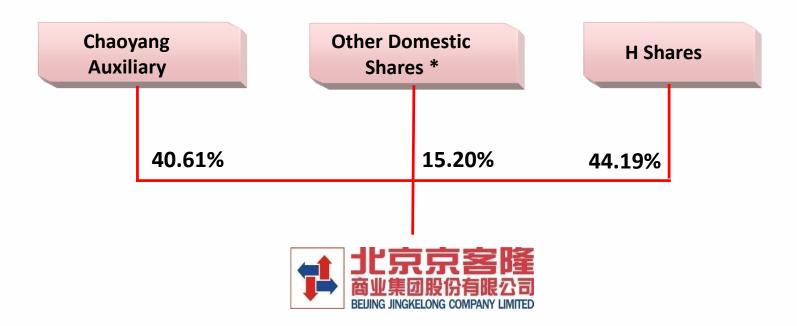
- > Strengthen the strategies for brand development and realize the transformation of wholesale operations
 - Strengthen the strategic cooperation with the upstream manufacturers and integrate the brand resources of the upstream manufacturers and the Group's powerful channel resources
 - Introduce new brands and enhance the sustainability of the brands through coordination of products and the features of the channels







Appendix I: Shareholding Structure



^{* 9.9%} Domestic Shares are held by the senior management and employees.



Appendix II: Business Structure

