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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3308)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

HIGHLIGHTS OF FINAL RESULTS

- Total gross sales proceeds ("GSP") amounted to RMB17,188.0 million, representing a year-on-year increase of 4.6%. Sales of properties for the year decreased by 38.1% year-on-year to RMB124.7 million.
- Same-store sales [1] ("SSS") increased by 6.1% year-on-year.
- Revenue amounted to RMB5,717.5 million, representing a year-on-year increase of 2.3%.
- Profit from operations before depreciation and amortisation (net profit before depreciation, amortisation, interest, tax and other gains and losses) ("EBITDA") amounted to RMB2,707.8 million, representing a year-on-year increase of 9.4%. Retail EBITDA for the year amounted to RMB2,677.7 million, representing a year-on-year increase of 10.5%.
- Profit attributable to owners of the Company was RMB1,614.0 million, representing a year-on-year increase of 3.3%.
- Earnings per share was RMB0.972, representing a year-on-year increase of 3.6%.

FINAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The board (the "Board") of directors (the "Directors") of Golden Eagle Retail Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2021, together with comparative figures for the previous year of 2020 as follows:

(1) SSS represents change in total GSP of retail chain stores which were in operation throughout the comparable period.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTES	2021 RMB'000	2020 RMB'000
Revenue	3	5,717,498	5,588,268
Other income, gains and losses	5	926,056	1,118,153
Changes in inventories of merchandise		(2,119,394)	(2,270,764)
Cost of properties sold		(83,586)	(130,172)
Employee benefits expense		(380,983)	(336,273)
Depreciation and amortisation of property, plant and equipment and intangible asset		(386,586)	(378,126)
Depreciation of right-of-use assets		(76,270)	(70,238)
Rental expenses		(396,283)	(306,018)
Other expenses		(780,418)	(706,724)
Share of results of associates		14,125	(55,021)
Share of results of joint ventures		(955)	(2,126)
Finance income	6	79,616	57,362
Finance costs	7	(262,849)	(325,369)
Profit before tax		2,249,971	2,182,952
Income tax expense	8	(637,697)	(629,056)
Profit for the year	9	1,612,274	1,553,896
Profit (loss) for the year attributable to:			
Owners of the Company		1,613,957	1,562,595
Non-controlling interests		(1,683)	(8,699)
		1,612,274	1,553,896
Earnings per share			
– Basic (RMB per share)	11	0.972	0.938
– Diluted (RMB per share)	11	N/A	0.938

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	**2020**
	RMB'000	*RMB'000*
Profit for the year	1,612,274	1,553,896
Other comprehensive (expense) income		
Item that may be reclassified subsequently to profit or loss:		
Share of exchange difference of associates	(4,007)	(5,642)
Items that will not be reclassified subsequently to profit or loss:		
Fair value gain (loss) on investments in equity instruments at fair value through other comprehensive income	11,314	(7,599)
Income tax expenses relating to items that will not be reclassified to profit or loss	(1,672)	(1,005)
	9,642	(8,604)
Other comprehensive income (expense) for the year, net of tax	5,635	(14,246)
Total comprehensive income for the year	1,617,909	1,539,650
Total comprehensive income (expense) attributable to:		
Owners of the Company	1,619,592	1,548,349
Non-controlling interests	(1,683)	(8,699)
	1,617,909	1,539,650

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2021

	NOTES	**31 December 2021** *RMB'000*	**31 December 2020** *RMB'000*
Non-current assets			
Property, plant and equipment		8,308,714	8,474,084
Right-of-use assets		2,541,874	2,633,368
Investment properties		2,506,671	2,238,231
Intangible asset		10,587	11,252
Goodwill		17,664	17,664
Interests in associates		154,991	140,276
Interests in joint ventures		14,211	16,253
Other receivables	*12*	58,265	55,844
Equity instruments at fair value through other comprehensive income ("FVTOCI")	*13*	55,557	71,608
Financial assets at fair value through profit or loss ("FVTPL")	*13*	204,513	231,960
Deferred tax assets		43,143	83,962
		13,916,190	13,974,502
Current assets			
Inventories		369,370	373,910
Properties under development for sale		1,551,987	1,225,678
Completed properties for sale		635,288	918,235
Trade and other receivables	*12*	624,410	715,119
Amounts due from fellow subsidiaries		49,922	39,081
Tax assets		46,580	31,841
Financial assets at FVTPL	*13*	90,927	106,330
Restricted cash		26,121	28,241
Bank balances and cash		7,651,382	6,670,166
		11,045,987	10,108,601

	NOTES	31 December 2021 RMB'000	31 December 2020 RMB'000
Current liabilities			
Trade and other payables	*14*	4,116,750	4,243,902
Amounts due to fellow subsidiaries		167,726	177,053
Lease liabilities		30,646	28,478
Tax liabilities		577,075	583,477
Prepayments from customers		3,383,151	3,115,938
Contract liabilities	*15*	307,674	360,059
Bank loans	*16*	103,918	3,786,586
		8,686,940	12,295,493
Net current assets (liabilities)		2,359,047	(2,186,892)
Total assets less current liabilities		16,275,237	11,787,610
Non-current liabilities			
Bank loans	*16*	3,673,788	–
Senior notes		2,406,167	2,458,747
Other payables	*14*	138,494	123,275
Lease liabilities		519,496	550,135
Deferred tax liabilities		900,744	864,089
		7,638,689	3,996,246
Net assets		8,636,548	7,791,364
Capital and reserves			
Share capital		175,146	175,146
Reserves		8,373,013	7,526,146
Equity attributable to owners of the Company		8,548,159	7,701,292
Non-controlling interests		88,389	90,072
Total equity		8,636,548	7,791,364

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. GENERAL INFORMATION

The Company is a public limited company incorporated in the Cayman Islands under the Companies Act of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). In the opinion of the Directors, the Company's ultimate holding company is GEICO Holdings Limited, a company incorporated in the British Virgin Islands, which is in turn wholly-owned by The 2004 RVJD Family Trust, the family trust of Mr. Wang Hung, Roger.

The Company is an investment holding company and its subsidiaries are principally engaged in the lifestyle centre and stylish department store chain development and operation, property development and hotel operation in the People's Republic of China (the "PRC").

The consolidated financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Company.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

2. APPLICATION OF AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, Hong Kong Accounting Standard ("HKAS") 39 and HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*

In addition, the Group has early applied the Amendment to HKFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021*.

The Group applied the agenda decision of the IFRS Interpretations Committee of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2021	2020
	RMB'000	*RMB'000*
Commission income from concessionaire sales	2,024,173	1,848,881
Direct sales	2,474,534	2,639,837
Sales of properties	122,029	196,664
Management fees	46,785	43,027
Hotel operations	20,603	20,073
Automobile services fees	1,510	17,998
Revenue from contracts with customers	4,689,634	4,766,480
Rental income	1,027,864	821,788
Total revenue	5,717,498	5,588,268
Timing of revenue recognition under HKFRS 15		
A point in time	4,622,246	4,703,380
Over time	67,388	63,100
Total	4,689,634	4,766,480

Gross sales proceeds represent the gross amount, including the related value-added tax and sales taxes, charged to/received from customers.

Gross sales proceeds

	2021	2020
	RMB'000	*RMB'000*
Concessionaire sales	13,104,791	12,284,576
Direct sales	2,795,875	2,982,002
Sales of properties	124,749	201,464
Management fees	49,769	45,837
Hotel operations	21,913	21,338
Automobile services fees	1,706	20,178
Gross sales proceeds from contracts with customers	16,098,803	15,555,395
Rental income	1,089,194	870,435
Total gross sales proceeds	17,187,997	16,425,830

4. SEGMENT INFORMATION

HKFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the executive Directors and chief executive officer, being the chief operating decision makers (the "CODM"), in order to allocate resources to the segments and to assess their performance.

The Group's operating and reportable segments are as follows:

- Retail operations consists of:
  - Southern Jiangsu Province, including retail stores at Nanjing, Suzhou, Danyang and Kunshan
  - Northern Jiangsu Province, including retail stores at Nantong, Yangzhou, Xuzhou, Taizhou, Huai'an, Yancheng and Suqian
  - Western and the other regions of the PRC, including retail stores at Xi'an, Kunming, Shanghai, Huaibei, Ma'anshan and Wuhu
- Property development and hotel operations
- Other operations represent the total of other operating segments that are individually not reportable

No segment information by geographical area in respect of the Group's property development and hotel operations is reviewed by the CODM as these operations are all carried out in the cities of Wuhu, Nantong, Yangzhou and Changchun.

The following is an analysis of the Group's revenue and results by operating and reportable segment.

	Retail operations						
	Southern Jiangsu Province	**Northern Jiangsu Province**	**Western and the other regions of the PRC**	**Subtotal**	**Property development and hotel operations**	**Other operations**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2021							
Gross sales proceeds	6,361,289	8,857,712	1,739,333	16,958,334	183,235	46,428	17,187,997
Segment revenue	2,550,925	2,419,204	534,289	5,504,418	177,461	35,619	5,717,498
Segment results	967,921	1,170,895	206,493	2,345,309	12,430	(26,794)	2,330,945
Central administration costs and Directors' salaries							(85,960)
Other gains and losses							175,049
Share of results of associates							14,125
Share of results of joint ventures							(955)
Finance income							79,616
Finance costs							(262,849)
Profit before tax							2,249,971
Income tax expense							(637,697)
Profit for the year							1,612,274

	Retail operations						
	Southern Jiangsu Province *RMB'000*	Northern Jiangsu Province *RMB'000*	Western and the other regions of the PRC *RMB'000*	Subtotal *RMB'000*	Property development and hotel operations *RMB'000*	Other operations *RMB'000*	Total *RMB'000*
For the year ended 31 December 2020							
Gross sales proceeds	6,208,356	8,194,209	1,662,142	16,064,707	249,076	112,047	16,425,830
Segment revenue	2,512,895	2,286,632	513,548	5,313,075	241,742	33,451	5,588,268
Segment results	845,305	1,034,729	199,458	2,079,492	33,998	(13,038)	2,100,452
Central administration costs and Directors' salaries							(72,744)
Other gains and losses							480,398
Share of results of associates							(55,021)
Share of results of joint ventures							(2,126)
Finance income							57,362
Finance costs							(325,369)
Profit before tax							2,182,952
Income tax expense							(629,056)
Profit for the year							1,553,896

5. OTHER INCOME, GAINS AND LOSSES

	2021 *RMB'000*	2020 *RMB'000*
Other income		
Income from suppliers, tenants and customers	730,583	604,700
Government grants	13,807	18,488
Others	6,617	14,567
	751,007	637,755
Other gains and losses		
Net foreign exchange gain	144,701	405,220
Dividend income from equity investments	2,141	2,828
Investment income from structured bank deposits	116,708	110,352
Fair value change of investment properties	2,240	(2,393)
Fair value gain upon transfer to investment properties	10,098	–
Fair value change of equity investments at FVTPL	7,422	14,927
Fair value change of unquoted fund investment	(27,447)	31,960
Gain on deemed disposal of an associate	507	404
Impairment loss recognised in interests in associates	–	(2,000)
Loss in relation to store suspension:		
– compensation on termination of lease contracts	(81,321)	–
– loss on other receivables as uncollectible	–	(48,273)
– loss on disposal of property, plant and equipment	–	(32,627)
	175,049	480,398
	926,056	1,118,153

6. FINANCE INCOME

	2021 *RMB'000*	2020 *RMB'000*
Interest income from bank deposits	68,958	30,027
Interest income from loans to third parties	7,626	24,440
Interest income from refundable rental deposits paid	3,032	2,895
	79,616	57,362

7. FINANCE COSTS

	2021 *RMB'000*	2020 *RMB'000*
Interest expenses on:		
Bank loans	139,690	189,822
Senior notes	116,799	125,250
Proceeds from pre-sale of properties	17,638	11,074
Refundable rental deposits received	8,104	7,800
Lease liabilities	6,756	3,647
	288,987	337,593
Less: amounts capitalised in the cost of qualifying assets		
Properties under development for sale	(26,138)	(12,224)
	262,849	325,369

Finance costs capitalised are calculated by applying a weighted average capitalisation rate of approximately 4.1% (2020: 4.8%) per annum.

8. INCOME TAX EXPENSE

	2021 *RMB'000*	2020 *RMB'000*
PRC Enterprise Income Tax ("EIT"):		
Current year	509,816	476,911
Land Appreciation Tax ("LAT")	6,763	12,846
(Over) under provision in prior years	(3,655)	2,533
	512,924	492,290
Deferred tax charge:		
Current year	124,773	136,766
	637,697	629,056

Hong Kong Profits Tax has not been provided as the Group had no assessable profit which arose in nor derived from Hong Kong during both years.

Except as described below, subsidiaries of the Group located in the PRC are subject to PRC EIT rate of 25% (2020: 25%) pursuant to the relevant PRC EIT laws. On 2 December 2020, Nanjing Golden Eagle Information Service Co., Ltd. was qualified as a High and New Technology Enterprise under the relevant PRC tax laws and regulations. Accordingly, the entity is entitled to a preferential income tax rate of 15% from 2020 to 2022. Kunming Golden Eagle Shopping Centre Co., Ltd. is entitled to a preferential income tax rate of 15% because of its location in western part of the PRC while Xi'an Golden Eagle International Shopping Centre Co., Ltd. was granted on 24 April 2014 a preferential income tax rate of 15% effective from 1 January 2013 for 8 years.

9. PROFIT FOR THE YEAR

	2021	2020
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging (crediting) the following items:		
Depreciation and amortisation of property, plant and equipment and intangible asset	386,586	378,126
Depreciation of right-of-use assets	78,404	72,372
Less: amounts capitalised	(2,134)	(2,134)
	76,270	70,238
Covid-19-related rent concessions	(57)	(241)
Loss on disposal/write-off of property, plant and equipment	2,530	35,112
Gross rental income from investment properties	(109,328)	(93,313)
Less: direct operating expenses incurred for investment properties	13,393	12,151
	(95,935)	(81,162)

10. DIVIDENDS

	2021	2020
	RMB'000	*RMB'000*
Dividends recognised as distribution during the year:		
2020 final dividend of RMB0.350 (2019 final dividend: RMB0.231) per share	577,243	384,372
2021 interim dividend of RMB0.118 (2020 interim dividend: RMB0.118) per share	195,482	196,146
	772,725	580,518

Subsequent to the end of the reporting period, the Directors resolved not to recommend payment of a final dividend for the year ended 31 December 2021.

11. EARNINGS PER SHARE

The calculation of the basic earnings per share (2020: basic and diluted earnings per share) attributable to owners of the Company is based on the following data:

	2021	2020
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic earnings per share (2020: basic and diluted earnings per share) (profit for the year attributable to owners of the Company)	1,613,957	1,562,595

	2021	2020
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (2020: basic and diluted earnings per share)	1,660,205	1,666,460

The outstanding share options of the Company have not been included in the computation of diluted earnings per share as they did not have dilutive effect to the Company's earnings per share for the year ended 31 December 2020 because the exercise price of these options were higher than the average market prices of the Company's shares during that period.

12. TRADE AND OTHER RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Trade receivables	89,036	72,947
Advances to suppliers	103,488	118,834
Rental deposits	59,265	56,284
Other deposits	15,416	11,826
Deposits paid for purchases of goods	960	4,226
Other taxes recoverable	113,642	93,102
Loans to third parties	121,575	227,587
Other receivables and prepayments	179,293	186,157
	682,675	770,963
Presented as:		
Non-current assets	58,265	55,844
Current assets	624,410	715,119
	682,675	770,963

For operations other than property development, the Group's trade customers mainly settled their debts by cash payments, either in the form of cash or debit cards, or by credit card payments. The Group currently does not have a defined fixed credit policy as its trade receivables mainly arise from credit card sales which are normally settled within 15 days. This is no trade receivables from property development operations at the end of the reporting periods.

Trade receivables for retail operations amounted to RMB84,846,000 (2020: RMB68,832,000) were aged within 15 days and the remaining trade receivables were aged within 90 days from the respective reporting dates.

13. EQUITY INSTRUMENTS AT FVTOCI/FINANCIAL ASSETS AT FVTPL

	2021	2020
	RMB'000	*RMB'000*
Equity instruments at FVTOCI		
Listed equity investments	55,557	71,608
Financial assets at FVTPL		
Non-current		
Unquoted fund investment	204,513	231,960
Current		
Listed equity investments	90,927	106,330
	295,440	338,290

14. TRADE AND OTHER PAYABLES

	2021 *RMB'000*	2020 *RMB'000*
Trade payables	2,280,048	2,342,762
Payables for purchase of property, plant and equipment	481,787	574,951
Rental deposits	290,121	242,069
Suppliers' deposits	188,029	181,642
Accrued expenses	169,821	176,705
Accrued salaries and welfare expenses	58,524	61,001
Advance lease payments	18,886	18,978
Interest payable	13,484	13,800
Other taxes payable	118,274	130,546
Other payables	636,270	624,723
	4,255,244	4,367,177
Presented as:		
Non-current liabilities	138,494	123,275
Current liabilities	4,116,750	4,243,902
	4,255,244	4,367,177

The credit period on purchases of goods is mainly ranging from 30 to 60 days. The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2021 *RMB'000*	2020 *RMB'000*
0 to 30 days	1,732,255	1,698,212
31 to 60 days	185,671	275,985
61 to 90 days	64,461	82,664
Over 90 days	297,661	285,901
	2,280,048	2,342,762

15. CONTRACT LIABILITIES

	2021 *RMB'000*	2020 *RMB'000*
Deposits and prepayments received from pre-sale of properties	302,431	354,316
Deferred revenue arising from the Group's customer loyalty programmes	5,243	5,743
	307,674	360,059

16. BANK LOANS

In April 2021, the Group arranged a dual-currency three-year syndicated loan in the principle amounts of United States dollar ("USD") 420,000,000 and Hong Kong dollar ("HK$") 1,408,000,000 (equivalent to RMB3,941,502,000) to re-finance the matured syndicated loan in the outstanding amount of RMB3,786,586,000 as at 31 December 2020. The new syndicated loan carries interest at LIBOR/HIBOR + 2.5% (2020: LIBOR/HIBOR + 2.5%) per annum and is repayable in full in April 2024.

BUSINESS REVIEW

Industry Overview

In 2021, the pace of economic recovery of various countries in the world varied according to different preventions and control measures of the coronavirus ("COVID-19") epidemic adopted, and the speed of vaccination and economic stimulus measures implemented. Prolonged travel restrictions and preventions and control measures to contain the spread of pandemic have hampered the economic recovery. With the "dynamic zero" strategy, the pandemic in China has been effectively put under control. Its economic development maintained a leading position in the world, demonstrating great resilience and vitality in the national economy. However, the outbreak of the new COVID-19 variant caused chaos in the global supply chain, resulting in a slowdown in China's economic growth. As the second largest economy in the world, China achieved a gross domestic product ("GDP") growth of 8.1% in 2021. Although China's foreign trade fundamentals continued to improve, domestic consumption has not fully recovered due to the pandemic. China faces the challenge of insufficient domestic demand. However, in Jiangsu Province, where the Group holds a market leadership position, the economic development has reached new heights. The regional GDP soared 8.6% year-on-year to RMB11.6 trillion, while the GDP per capita reached RMB137,000. The economic growth and GDP per capita of Jiangsu Province ranks first among all provinces and autonomous regions in China, and the quality of life of the people has been further improved.

In view of retail sector's development, "first-store economy" and "first-launch economy" added further momentum to consumption development. Consumer brands improved customer engagement and strengthened customer relationships through various strategies, enriched retail formats, and leveraged data to develop strategies and make business decisions. From the perspective of consumption trends, consumption upgrade and stratification have become more apparent, the new China-chic consumption trend is expanding to many fields, and providing green, quality, diversified and sustainable content and services will be an important direction for the future development of retail enterprises.

Operation Management and Corporate Development

In 2021, the Group continued to adhere to steady, quality and green development, maintained financial stability, and made breakthroughs against the sluggish market to lay a solid foundation for the Group's sustainable development. The Group refined the operations of its main business, embraced the changes in consumption trends, continuously improved merchandise portfolio and optimised retail environment, actively seek new developments, strengthened the innovation and influence of marketing campaigns, and deepened the experience, interaction and digitisation of member services, resulting in a continuous improvement in sales and customer traffic. Through the endeavors of the Group and its staff, the Group's customer traffic reached 190 million visits[(2)] in 2021, representing a year-on-year increase of 26.1% and 0.3% from 2020 and 2019, respectively, gradually recovered to the pre-pandemic levels. Gross sales proceeds ("GSP") amounted to RMB17.2 billion, representing a year-on-year increase of 4.6%, while profit from operations before depreciation and amortisation (net profit before depreciation, amortisation, interest, tax and other gains and losses) ("EBITDA") amounted to RMB2.7 billion, representing a year-on-year increase of 9.4%. Despite insufficient domestic demand, volatile pandemic situation and sporadic outbreaks during the year, including multiple outbreaks in the Jiangsu region in the second half of the year, the Group overcame various obstacles, and maintained stable performance in 2021.

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(2) According to year-on-year comparison of data collected from the Group's chain stores with foot traffic statistics system installed

Against the backdrop of the volatile pandemic situation in 2021, the Group stayed committed to high-quality development, carried out merchandising adjustments in an orderly manner, strengthened its cooperation with various brands to make their debuts in the region and with benchmark brands for flagship store openings, and optimised retail environment. During the year, the Group adjusted and upgraded a total of approximately 367,000 square metres of its counter area, involving 2,673 brands and accounts for 30.3% of the total counter area of the Group. The overall occupancy rate reached 94.5%.

Among the major stores to be revamped, the Group has refurbished its retail space, introduced brands to make their debuts in the region and optimised the merchandise portfolio. The Group continued to optimise the merchandise portfolio of Nanjing Golden Eagle World Store and introduced cosmetics and luxury brands, such as YSL, HUGO BOSS, sandro and maje, to meet the high-quality consumption demands of target customers. Suqian Store and Ma'anshan Store have respectively launched a comprehensive store revamp and upgrade, introduced trendy fashion street and food court to integrate retail stores with street shops, introduced store debuts in the city and talk-of-the town brands such as MLB, LEGO, INXX, GAP anchor store and Judydoll into the store and integrated the store with local culture to attract young customers. Yancheng Store and Kunshan Store continued to introduce store debuts of Cartier, MICHAEL KORS, LA MER, YSL and KIEHL'S in the city, further expanding the lineup of the stores' exclusive brands and solidifying their leading position in the local markets.

Centered around consumer preferences and interests, the Group kept abreast of the current e-sports and sports upsurge, paid attention to the social needs of young customers, built an IP economy, deepened cooperation with various brands and industries, and organised a number of rejuvenating, fun and innovative marketing campaigns to drive customer traffic and sales growth. Among them, Nanjing Hubin Tiandi Store served as the main venue for the first stop of the 2021 China Athletics Street Tour ("CAST") Track and Field Street Tournament. The event was broadcasted live by the CCTV 5 channel and attracted 20 million views. During the Group's self-created IP marketing campaign, "520 Love Festival" (520 熱愛節) in May, the Group's stores achieved GSP of over RMB130 million, up 21.6% and 78.7% year-on-year from 2020 and 2019, respectively.

In addition, the Group actively embraced emerging media formats such as short video and livestreaming, and comprehensively deployed high-traffic platforms such as TikTok (抖音), Meituan (美团) and Xiaohongshu (小紅書). Through short videos, cooperation with internet celebrities, online official stores, etc., the Group has built Golden Eagle into an urban hotspot, thereby strengthening its leading position among urban commercial complexes in the local markets. According to the Meituan platform (美团點評), 80% of Golden Eagle stores ranked in the top ten popular commercial destinations in the city.

During the year, the Group's 7-Eleven convenience store business expanded rapidly and debuted its market presence in Taizhou, Nantong and Yangzhou. The number of the Group's convenience stores increased from 26 by the end of 2020 to 61, of which the number of franchised stores increased from 7 to 36. GSP generated during the year amounted to RMB127 million, representing a year-on-year increase of 65.8%. By sharing the 7-Eleven supply chain network and leveraging on the Group's newly built central kitchen and fresh food factory, the Group provided high-quality products and efficient supply chain services. Together with the sharing of the Group's IT and membership systems to integrate and interchange membership points which provide target customers with more convenient services in an efficient manner, the Group established a solid foundation for the rapid and high-quality future development of the convenience store business.

The Group continued to enhance member services, providing members and brands with full ecological services through the one-stop lifestyle service platform, "GE Life" (金鷹生活). Through flexible and interesting marketing approaches and online and offline interactions, it has channeled 122,000 new VIP customers to our physical stores. As of 31 December 2021, the "GE Life" mobile application (the "App") had registered over 9.24 million downloads and recorded an average of approximately 140,000 active daily users. At the same time, out of the Group's 3.14 million successfully recruited VIP customers, over 98% of them have connected their VIP membership cards with the App. During the year, the aggregate spending by VIP customers accounted for 64.4% of the Group's total GSP, and the consumer group became younger of which consumption by young VIP customers aged 34 and below increased to constitute 51.2% of the Group's total GSP.

The Group will continue to deepen omni-channel marketing and digital upgrade, focus on member experience, promote member digitalisation, increase members' consumption through precision marketing, and shift its emphasis from Gross Merchandise Value ("GMV") to member Life Time Value ("LTV") so as to extend the life of members cycle, boost the sales-per-ticket and the repurchase rate, and ultimately enhancing the value of the platform.

Outlook

In 2022, the new wave of the pandemic is expected to be volatile. Inflation pressures will continue to rise and supply chain disruption will subsist, which may slow down the pace of the global economic recovery. Escalating geopolitical tensions and tightening monetary policy in major economies will also pose various risks to the global economic growth. Against the backdrop of the challenging macroeconomic environment, China's economy will face the triple pressures of demand contraction, supply shocks and weakening expectations. However, China's economy is resilient, with the reposition of China's macroeconomic policies and the expectation of the Chinese government to optimise and implement measures to help enterprises this year, it will consolidate the foundation for economic recovery. The fundamental for the long-term improvement remains unchanged. Prioritising stability while pursuing progress will be the focus of this year to gradually shift from an external demand-led growth to a domestic demand-led growth, providing good support to the consumer market. Regarding the consumer market, the demand for consumption upgrades and consumer experience continues to rise, and new consumer brands accelerate iteration and innovation; virtual reality technology will foster business development with new opportunities, and put forward new capabilities requirements for the digitalisation and management of offline businesses. The Group will further consolidate its main business advantages, closely link refined operations with digital transformation, maintain its core competitiveness in the rapidly-changing competitive operating environment, endeavor to achieve sustainable development in a flexible and effective manner.

In the next few years, the Group's Golden Eagle World projects in Nantong, Changzhou and Changchun, as well as the Xuzhou Metro Commercial, Kunshan Phase II and Yangzhou Jiangdu Phase II projects will be gradually launched in leased or self-owned properties. After the launch of all these new stores, the Group will be operating 35 retail chain stores with a total gross floor area ("GFA") of 3.4 million square metres.

The Group will continue to build its competitive strengths with its capabilities of designing and planning large-scale commercial complexes, saving energy and reducing carbon dioxide emissions in smart buildings, configuring merchandise portfolio and refining operational management. It has been pursuing a two-pronged development strategy of switching over to the asset-light business model by expanding its business of managing commercial properties for and on behalf of third parties while also operating its own commercial properties. The Group adopts this strategy for scaling up its business of commercial property operation and increasing its operating revenue.

Regarding the asset-light development, the remaining 25,000 square metres of the Group's metro commercial project, Xuzhou Golden Eagle "Shang Jie" (徐州金鷹上街) is scheduled to open in the third quarter of 2022. Taking "trends and youth" as the orientation to target younger demographics, the area will be built into a metro commercial district with trendy, social and artistic elements, bringing a new way of life to the residents of Xuzhou.

The Group will stay committed to high-quality development, align itself with consumption trends, focus on the needs of middle-class families and the new generation of consumers, and steadily carry out the upgrades of existing retail stores. Refurbishment and renovation of the Liyang G17 store is underway. The store is expected to reopen for trial operation in the third quarter of 2022 to offer comprehensive lifestyle services to the residents of Liyang, creating a gathering place for young generation, and integrating the Yangtze River Delta metropolitan area with local cultural and tourism characteristics. To keep abreast of Yangzhou's retail environment dynamic upgrades, Yangzhou Store will carry out a comprehensive store revamp to promote merchandise upgrade and brand rejuvenation, creating an "urban cultural hotspot and new fashion landmark in the Wenchang business district", and continue to play a leading role in the region and even the city.

The Group actively responded to the national "dual carbon" policy and supported the sustainable development of low-carbon technological innovation. Currently, among all of the Group's retail stores, 8 were certified as national-level green shopping malls and 4 were certified as provincial-level green shopping malls. The Group aims to achieve full coverage of green shopping malls in the future. In addition, all future new commercial projects of the Group will fully utilise low-carbon and energy-saving technologies such as photovoltaic power generation, high-efficiency chiller plant, rainwater recycling and intelligent lighting, and will all be planned and constructed with reference to China's two-star standard or above for green buildings.

In addition, the Group will continue to shoulder its social responsibilities and build the "Love@ Golden Eagle" (愛在金鷹) charity brand to actively show more care and support to poverty alleviation, education, culture, epidemic and disaster relief, etc. so as to spread love and care in a sustainable manner.

Looking back on the past and looking ahead to the future, as a leader in domestic retail, the Group will seize opportunities in the new consumption era, ceaselessly explore and make breakthroughs, create more diverse business content and pursue value growth, and achieve green, high-quality and sustainable development.

FINANCIAL REVIEW

GSP and Revenue

Since early 2020, the COVID-19 outbreak has spread across China and other countries. A series of precautionary and control measures have been implemented across China since then. The pandemic has affected retail business in China and the economic activities of the Group to certain extent. Most of the Group's stores shortened their opening hours and/or closed during February and early March 2020. In addition, some of the Group's stores at certain cities were closed in the second half of the year 2021 due to the regional outbreaks, including the Group's stores at Yangzhou which were closed in August and early September 2021 and the Group's Xi'an store which was closed for one month from the end of December 2021.

In response to the situation, the Group has adopted various measures to mitigate the impact of pandemic on its business operations, including maximising operational efficiency, promoting online sales, assisting concessionaire and rental tenants in weathering the pandemic by granting concessions, and implementing comprehensive cost-saving measures. Although the Group adopted the above-mentioned measures to mitigate the adverse effect of the pandemic and its retail stores had resumed operation since the second quarter of the year 2020 amid the gradual stabilisation of the COVID-19 outbreak in China, the Group's operating performance was still inevitably impacted by the pandemic, especially during the period when the Group's stores shortened their opening hours and/or closed in the years of 2020 and 2021.

Against the backdrop of the pandemic, with the Group's continuous efforts in merchandise adjustments and creative marketing campaigns, the Group demonstrated resilience in its recovery since the second quarter of the year 2020. During the first half of the year 2021, the Group achieved a higher year-on-year growth of 31.3% in its operating results when compared with the same period in 2020 and such outstanding financial performance also represented an encouraging year-on-year growth of 5.5% in its retail operations when compared to the same period in 2019 before the outbreak of the pandemic strike on the retail industry in the year 2020. However, the Group's operating results were inevitably impacted by the resurgence of pandemic in certain cities of the Jiangsu Province in the second half of the year 2021, especially Nanjing in July and August and Yangzhou in August and September, resulting a year-on-year decrease in the Group's GSP by 15.9% when compared with the same period in 2020.

During the year under review, GSP of the Group increased to RMB17,188.0 million, representing a year-on-year increase of 4.6% or RMB762.2 million. The increase was mainly attributable to the net effects of (i) a year-on-year increase of 6.1% in retail SSS amid the resurgence of pandemic in various regions; and (ii) the decrease in sales of properties by RMB76.7 million or 38.1% to RMB124.7 million since no material delivery of property units was carried out in the year 2021 whereas the Group delivered the units in the remaining portion of pre-sold phase two sub-section one of Yangzhou New City Centre Project to purchasers in the year 2020.

The Group's nine new lifestyle centres which have been opened since September 2014, namely Yancheng Julonghu Store, Nantong Lifestyle Centre, Danyang Store, Kunshan Store, Jiangning Store, Ma'anshan Store, Suzhou Gaoxin Lifestyle Centre, Golden Eagle World Store and Yangzhou New City Centre Store, together generated a total GSP of RMB4,220.0 million (2020: RMB3,966.0 million), which contributed 24.6% (2020: 24.1%) of the Group's total GSP during the year 2021.

During the year 2021, concessionaire sales contributed to 76.3% (2020: 74.8%) of the Group's GSP, which increased by 6.7% year-on-year to RMB13,104.8 million from RMB12,284.6 million in the year 2020, while direct sales contributed to 16.3% (2020: 18.2%) of the Group's GSP, which decreased by 6.2% year-on-year to RMB2,795.9 million from RMB2,982.0 million in the year 2020. Rental income contributed to 6.3% (2020: 5.3%) of the Group's GSP, which increased by 25.1% year-on-year to RMB1,089.2 million from RMB870.4 million. Sales of properties contributed to 0.7% (2020: 1.2%) of the Group's GSP, which decreased by 38.1% year-on-year to RMB124.7 million from RMB201.5 million. Other income accounted for the remaining 0.4% (2020: 0.5%) of the Group's GSP, which decreased by 16.0% year-on-year to RMB73.4 million from RMB87.3 million.

Commission rate from concessionaire sales increased to 17.4% (2020: 17.0%) while gross profit margin from direct sales increased to 14.5% (2020: 14.1%), resulting in an increase in the overall gross profit margin from concessionaire sales and direct sales to 16.9% (2020: 16.4%). This was mainly due to (i) the overall improvement in commission rate from concessionaire sales as the Group granted less subsidies and concessions to its concessionaire tenants during the year under review; and (ii) the ceasing of the Group's low profit margin automobile trading business since September 2020 which in turn improved the Group's gross profit margin from direct sales. In response to the outbreak and resurgence of pandemic since 2020, the Group launched a series of measures and policies to assist merchants and business partners in weathering the difficult situation caused by the pandemic, including granting subsidies and rental concessions to concessionaire and rental tenants in the total amount of approximately RMB80.0 million and RMB14.0 million during each of the year 2020 and 2021, respectively. These subsidies and concessions will be recognised in the income statement over the term of the relevant tenant leases which were usually ranging from 1 to 3 years.

A breakdown of GSP from concessionaire sales and direct sales by category shows that sales of apparel and accessories contributed to 40.0% (2020: 40.3%) of the GSP; sales of gold, jewellery and timepieces contributed to 19.5% (2020: 16.7%); sales of cosmetics contributed to 15.0% (2020: 14.8%); sales of outdoor, sports clothing and accessories contributed to 10.0% (2020: 10.0%); sales at the supermarket operation (including sales of tobacco, wine and liquor) contributed to 8.1% (2020: 10.1%) and the sales of other products such as electronics and appliances, household and handicrafts, children's wear and toys contributed the remaining 7.4% (2020: 8.1%) of the GSP.

During the year 2021, the Group's online platform, GE Life (which was upgraded from Jinying.com), has recorded a significant growth of 32.6% in GMV (Gross Merchandise Value), which amounted to RMB635.0 million while the Group's 7-Eleven convenience stores generated RMB127.4 million GSP, which increased by 65.8% year-on-year from RMB76.8 million in last year. The number of 7-Eleven convenience stores increased from 26 (with a total GFA of 2,960 square metres) in the year 2020 to 61 (with a total GFA of 6,562 square metres) in the year 2021. Out of which, 25 stores (2020: 19 stores) are self-operated stores and 36 stores (2020: 7 stores) are franchised, spanning across the cities of Nanjing, Taizhou, Nantong and Yangzhou. Meanwhile, the Group's self-operated gourmet supermarket, G·Mart, generated RMB1,091.1 million GSP, which decreased by 20.5% year-on-year from RMB1,373.1 million in the year 2020. The decrease was mainly caused by the decline in wine and liquor sales, and if such sales is excluded from the calculation, the Group's supermarket sales would have decreased by 4.4% year-on-year as compared to last year.

As at 31 December 2021, the Group's completed properties for sale and properties under development for sale amounted to RMB635.3 million (2020: RMB918.2 million) and RMB1,552.0 million (2020: RMB1,225.7 million) respectively. Completed properties for sale comprised of the Group's Riverside Century Plaza Project (in Wuhu Anhui Province, being one of the projects acquired by the Group in the year 2015) with total salable office and residential GFA of approximately 25,898.0 square metres as at 31 December 2021 (2020: 64,142.9 square metres). During the year, management of the Group transferred a portion of Riverside Century Plaza Project office area with a total GFA of approximately 34,318.8 square metres to investment properties upon the change of its holding intention from sales to lease out for rental income. Properties under development for sale mainly comprised of the Group's (i) remaining portion of the Yangzhou New City Centre Project, mainly phase two sub-section two, with an estimated total salable residential and commercial GFA of approximately 96,765.7 square metres (2020: 97,617.8 square metres) and salable car parking spaces with GFA of approximately 37,082.8 square metres (2020: 38,523.5 square metres); and (ii) Changchun Golden Eagle World Project phase one sub-sections one and two with an estimated total salable residential, commercial and car parking spaces GFA of approximately 108,758.7 square metres (2020: 116,720.9 square metres) as at 31 December 2021.

The Group had commenced pre-sale of the units in phase one of Yangzhou New City Centre Project since 2016 and these units were completed and delivered to purchasers in the second half of 2018 and the first half of 2019. The Group has commenced pre-sale of the units in phase two sub-section one of the project since September 2017 and these units were completed and delivered to purchasers at the end of 2019 and in the first half of 2020. Phase two is the last phase of Yangzhou New City Centre Project which comprises two sub-sections, while sub-section two is yet to be developed.

The Group had also commenced pre-sale of the units in phase one sub-sections one and two of Changchun Golden Eagle World Project during the year 2020, where phase one comprises three sub-sections. The project is expected to have five phases and will be developed in stages over the coming years. The construction work of phase one sub-sections one and two with salable residential, commercial and car parking spaces GFA of approximately 116,720.9 square metres is expected to be completed in phases from the end of the year 2021 to the end of the year 2022 and the respective pre-sold units are expected to be delivered to purchasers at the end of the year 2021 and in the year 2022. As at 31 December 2020, properties with GFA of 39,628.0 square metres had been pre-sold and deposits and prepayments in the aggregate sum of RMB324.7 million had been received by the Group from pre-sale of these properties. A portion of these pre-sale units with GFA of approximately 7,962.2 square metres were completed and delivered to purchasers in December 2021 and the remaining pre-sale units are expected to be delivered to purchasers in the year 2022. The remaining units of phase one sub-sections one and two will commence sales in the second half of the year 2022.

Sales of properties amounted to RMB124.7 million (2020: RMB201.5 million) with a total GFA of 14,181.1 square metres (2020: 24,467.0 square metres) being sold during the year 2021. The sales were mainly contributed by the sales of properties at the Group's (i) Changchun Golden Eagle World Project which amounted to RMB66.6 million (2020: nil); (ii) Yangzhou New City Centre Project which amounted to RMB14.3 million (2020: RMB124.5 million); and (iii) Riverside Century Plaza Project which amounted to RMB43.8 million (2020: RMB77.0 million). Gross profit margin from sales of properties was 31.5% (2020: 33.8%). The gross profit margin was diluted by a significant contribution of car parking space sales which carried a lower gross profit margin than the sales of residential properties.

The Group's total revenue amounted to RMB5,717.5 million, representing an increase of 2.3% from that of 2020. The increase in revenue was generally in line with the increase in GSP.

Other income, gains and losses

	2021 *RMB'000*	**2020** *RMB'000*
Other income	751,007	637,755
Other gains and losses	175,049	480,398
	926,056	1,118,153
Total operating income		
Revenue	5,717,498	5,588,268
Other income	751,007	637,755
	6,468,505	6,226,023

Other income mainly comprised of various miscellaneous operating income received from retail tenants and customers, including overall administration and management fees from concessionaire and rental tenants and credit card handling fees from retail customers. Other income increased by 17.8% or RMB113.3 million to RMB751.0 million. This was mainly attributable to the increase in overall administration and management fees income received from retail tenants since the Group adjusted its pricing policy in the second half of the year 2019. Total operating income, being the aggregate of the Group's revenue and other income, increased to RMB6,468.5 million, representing an increase of 3.9% or RMB242.5 million, whereas the total retail operating income, being the total operating income excluding the operating income from property sales and hotel operations (for simple reconciliation purpose), increased to RMB6,325.9 million, representing an increase of 5.3% or RMB316.6 million.

Other gains and losses mainly comprised of non-operating gains and losses such as (i) net foreign exchange gain and loss resulting from the translation of foreign currencies denominated assets and liabilities into RMB; (ii) the gains and losses and dividend income derived from the Group's investment in securities; (iii) the changes in the fair value of the Group's investment properties; and (iv) other one-off or non-recurring gains and losses.

The net amount of other gains and losses decreased by RMB305.4 million to RMB175.0 million from RMB480.4 million for the year 2020. Such decrease was primarily due to the net effects of: (i) the decrease in net foreign exchange gain by RMB260.5 million to RMB144.7 million from RM405.2 million recognised in the year 2020; (ii) the fair value change of the Group's unquoted fund investment at FVTPL of RMB59.4 million, resulting from a fair value gain of RMB32.0 million in the year 2020 to a fair value loss of RMB27.4 million recognised in the year 2021. The initial investment in this unquoted fund investment amounted to RMB200 million; and (iii) the increase in loss recognised in relation to store suspension by RMB0.4 million to RMB81.3 million from RMB80.9 million recognised in the year 2020. The amount for the year 2021 is mainly related to the rental compensations/provision for rental compensations made by the Group to two independent third party landlords for early termination of two rental leases with causes in the year 2015 at Changzhou and Hefei, respectively, after years of discussions and negotiations. The amount for the year 2020 is mainly related to the write-off of rental prepayments made by the Group prior to the year 2014 to an independent third party landlord for a leased store in Xi'an and the related initial renovation costs incurred by the Group on that store. The landlord did not deliver the leased property to the Group in accordance with the lease agreement. The Group took legal actions to recover the prepayments and the construction costs incurred and the landlord was adjudged liable. The judgement is currently in the stage of enforcement.

Changes in inventories of merchandise and cost of properties sold

Changes in inventories of merchandise and cost of properties sold represented the cost of goods sold under the direct sales business model and the cost of properties sold. Changes in inventories of merchandise and cost of properties sold decreased by RMB198.0 million or 8.2% year-on-year to RMB2,203.0 million for the year 2021. Such decrease was generally in line with the decrease in direct sales and sales of properties.

Employee benefits expense

Employee benefits expense increased by RMB44.7 million or 13.3% year-on-year to RMB381.0 million for the year 2021. Such increase was primarily attributable to the net effects of: (i) the increase in contributions to state-managed retirement benefits schemes by RMB26.1 million during the year under review as the government's pandemic relief measures expired at the end of 2020; (ii) the continuous efforts of the Group to streamline the roles and functions of its employees at all levels; (iii) the annual general increment of salaries and wages was generally in line with the market trend, remuneration reviews and bonuses are based on the performance of the individual staff and the operating performance of the Group; and (iv) the continuous investment in human resources for the implementation and development of the Group's "comprehensive lifestyle concept" and "interactive retail platform".

Employee benefits expense as a percentage of GSP increased by 0.2 percentage point to 2.5% from 2.3% in the year 2020.

For the years ended 31 December 2021 and 2020, there were no forfeited contributions which were available to reduce the Group's existing level of contributions to the state-managed retirement benefits schemes operated by the local PRC governments nor Mandatory Provident Fund Scheme for all employees in Hong Kong.

Depreciation and amortisation

Depreciation and amortisation of property, plant and equipment, intangible asset and right-of-use assets increased by RMB14.5 million or 3.2% year-on-year to RMB462.9 million for the year 2021.

Depreciation and amortisation expenses as a percentage of GSP decreased by 0.1 percentage point to 3.0% from 3.1% in the year 2020.

Rental expenses

Rental expenses increased by RMB90.3 million or 29.5% year-on-year to RMB396.3 million for the year 2021. The Group's rental arrangements were mainly pegged to the sales of the respective stores which were operated in leased properties. The increase in rental expenses is mainly attributable to the increase in sales at these stores during the year and the cessation of rental concessions granted by some of the Group's landlords. The Group received rental concessions in the total amount of RMB10.2 million from some of its landlords during the first half of the year 2020 and the amount was credited in the profit and loss in the same period.

Rental expenses as a percentage of GSP increased by 0.5 percentage point to 2.6% from 2.1% in the year 2020.

Other expenses

Other expenses increased by RMB73.7 million or 10.4% year-on-year to RMB780.4 million for the year 2021. Other expenses mainly included expenses for utilities, expenditure on advertising and promotional activities, costs for cleaning, repair and maintenance, fees for property management and other tax expenses. The increase was primarily attributable to the net effects of the management's consistent and disciplined approach towards cost control and the general increase in other expenses since the second quarter of the year 2020 amid the gradual stabilisation of the COVID-19 outbreak in China.

	2021	**2020**
	RMB'000	*RMB'000*
Utilities expenses	225,191	177,847
Property management fees	143,951	133,846
Cleaning, repair and maintenance expenses	122,028	107,628
Advertising and promotion expenses	56,041	60,519
Other tax expenses	91,230	82,321
Subcontracting service charges	10,843	9,726
Loss on disposal/write-off of property, plant and equipment	2,530	2,485
Others	128,604	132,352
	780,418	706,724

Other expenses as a percentage of GSP increased by 0.3 percentage point to 5.1% from 4.8% in 2020.

Share of results of associates and joint ventures

Share of results of associates and joint ventures mainly represented the Group's share of financial results of its associate, Whittle School & Studios Holdings, Ltd. ("Whittle School"), which was disposed of during the second half of the year 2020. Whittle School is principally engaged in the development and operation of private schools worldwide for students in the 3-18 age group and has opened its first two campuses in September 2019. The net loss attributable to the Group from Whittle School during the year 2020 amounted to RMB54.0 million. No such loss was recognised during the year under review.

Finance income

Finance income was mainly generated from bank deposits and various short-term bank related deposits placed by the Group in banks when the Group has surplus capital. Finance income increased by RMB22.3 million or 38.8% year-on-year to RMB79.6 million for the year 2021 which was mainly because of the net effects of (i) the increase in interest income from bank deposits by RMB38.9 million as more capital had been deployed in bank deposits following the steady increase in the Group's operating cashflows; and (ii) the decrease in interest income from loans to third parties by RMB16.8 million during the year under review.

Finance costs

Finance costs mainly comprised of interest expenses for the Group's bank borrowings and senior notes. Finance costs decreased by RMB62.5 million or 19.2% year-on-year to RMB262.8 million for the year, which was primarily due to the decrease in interest rates and the appreciation of RMB against USD and HK$ during the year under review.

Income tax expense

Income tax expense of the Group increased by RMB8.6 million or 1.4% year-on-year to RMB637.7 million for the year 2021. Effective tax rate for the year under review was 28.3% (2020: 28.8%).

Profit for the year

Profit for the year increased by RMB58.4 million or 3.8% year-on-year to RMB1,612.3 million. Net profit margin, which represents net profit as a percentage of GSP, was 10.5% (2020: 10.6%) for the year 2021.

Profit from operations (net profit before interest, tax and other gains and losses) increased by RMB217.3 million or 10.7% year-on-year to RMB2,245.0 million (2020: RMB2,027.7 million), while EBITDA increased by RMB231.7 million or 9.4% year-on-year to RMB2,707.8 million (2020: RMB2,476.1 million). The Group recorded a year-on-year increase of 28.9% in EBITDA in the first half of the year 2021 and a year-on-year decrease of 6.7% in the second half of the year.

On the other hand, profit from retail operations before depreciation and amortisation (net profit before depreciation, amortisation, interest, tax, other gains and losses and excluding profit from property sales and hotel operations) ("Retail EBITDA") increased by RMB254.8 million or 10.5% year-on-year to RMB2,677.7 million in 2021 (2020: RMB2,422.9 million). The Group recorded a year-on-year increase of 33.8% or RMB362.2 million in Retail EBITDA in the first half of the year 2021 to reach RMB1,432.3 million and a year-on-year decrease of 7.9% or RMB107.4 million in Retail EBITDA in the second half of the year to RMB1,245.4 million due to the resurgence of the pandemic in the areas the Group operates.

During the year 2021, the aggregate net operating losses generated by 2 (2020: 3) loss-making stores amounted to RMB17.0 million (2020: RMB32.4 million).

Capital expenditure

Capital expenditure of the Group for the year 2021 amounted to RMB333.3 million (2020: RMB393.5 million). The amount mainly comprised of contractual payments made for acquisition of plant and equipment, construction of chain store projects on greenfield sites and the upgrade and/or expansion of the Group's existing retail spaces in order to enhance both the shopping environment and the Group's competitiveness in the markets.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2021, the Group's cash and near cash (including bank balances and cash and restricted cash) amounted to RMB7,677.5 million (2020: RMB6,698.4 million) whereas the Group's total borrowings (including bank borrowings and senior notes) amounted to RMB6,183.9 million (2020: RMB6,245.3 million). For the year ended 31 December 2021, the Group's net cash generated from operating activities amounted to RMB1,914.4 million (2020: RMB2,327.4 million); net cash generated from investing activities amounted to RMB17.2 million (2020: RMB344.8 million); and net cash used in financing activities amounted to RMB950.4 million (2020: RMB1,083.3 million).

In April 2021, the Group arranged another dual-currency three-year syndicated loan in the principal amounts of USD420.0 million and HK$1,408.0 million to re-finance the matured syndicated loan in the outstanding amount of RMB3,786.6 million as at 31 December 2020. As at 31 December 2021, bank borrowings of the Group amounted to RMB3,777.7 million (2020: RMB3,786.6 million), which represented its three-year dual-currency syndicated loan to be due in April 2024 (2020: April 2021). Senior notes of the Group in the amount of RMB2,406.2 million (2020: RMB2,458.7 million) will be due in May 2023.

The total assets of the Group as at 31 December 2021 amounted to RMB24,962.1 million (2020: RMB24,083.1 million) whereas the total liabilities of the Group amounted to RMB16,325.6 million (2020: RMB16,291.7 million), resulting in a net assets position of RMB8,636.5 million (2020: RMB7,791.4 million). The gearing ratio, which is calculated by the Group's total borrowings divided by its total assets, decreased to 24.8% as at 31 December 2021 (2020: 25.9%).

The capital commitments of the Group as at 31 December 2021 amounted to RMB1,501.9 million (2020: RMB1,122.7 million) in respect of:

	2021	**2020**
	RMB'000	*RMB'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	24,205	16,503
Other commitments in respect of construction of properties under development for sales	1,477,722	1,106,201

CONTINGENT LIABILITIES

	2021	**2020**
	RMB'000	*RMB'000*
Financial guarantee in respect of mortgage loan facilities for certain purchasers	134,048	176,978

The Group cooperates with certain financial institutions which arrange mortgage loan facilities for its property purchasers and provides guarantees to secure repayment obligations of such purchasers. Such guarantees will be released by banks upon the issuance of the real estate ownership certificate to the purchasers or upon the full repayment of mortgage loans by the property purchasers, whichever is the earlier.

PLEDGE OF ASSETS

As at 31 December 2021, the Group has pledged its equity interests of certain subsidiaries and created fixed and floating charges over the assets of these subsidiaries to secure the repayment obligations under the syndicated loan facilities granted to the Group. Assets with the following carrying amounts have been pledged to secure the syndicated loan facilities:

	2021	**2020**
	RMB'000	*RMB'000*
Equity instruments at FVTOCI	40,791	48,892
Restricted cash	26,121	28,241
Bank balances and cash	195,212	184,643
	262,124	261,776

FOREIGN EXCHANGE EXPOSURE

Certain bank balances and cash, equity investments, bank loans and senior notes of the Group are denominated in USD or HK$, which exposed the Group to foreign exchange risks associated with the fluctuations in exchange rates between USD against RMB and HK$ against RMB. Currently, the Group has not entered into any contracts or arrangements to hedge against its foreign currency exposure and will consider hedging measures should the needs arise. For the year ended 31 December 2021, the Group recorded a net foreign exchange gain of RMB144.7 million (2020: RMB405.2 million). The Group's operating cash flows are not subject to any foreign exchange fluctuation.

EMPLOYEES

As at 31 December 2021, the Group employed a total of 2,590 employees (2020: 2,810 employees) with remuneration in an aggregate amount of RMB381.0 million for the year 2021 (2020: RMB336.3 million). The Group's remuneration policies are formulated with reference to market practices, experiences, skills and performances of the individual employees and are reviewed every year.

PURCHASE, SALE OR REDEMPTION OF THE SECURITIES OF THE COMPANY

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement to attend and vote at the forthcoming annual general meeting, the Company's Register of Members will be closed from Friday, 27 May 2022 to Thursday, 2 June 2022 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be entitled to attend and vote at the forthcoming annual general meeting to be held on Thursday, 2 June 2022 ("AGM"), all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 26 May 2022.

CORPORATE GOVERNANCE

The Directors are of the opinion that, for the year ended 31 December 2021, the Company has complied with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules effective on or before 31 December 2021 (the "Code"), except for provisions A.2.1. and E.1.2. of the Code.

Provision A.2.1. stipulates that the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. Mr. Chen Yihang (陳毅杭) has tendered his resignation and ceased to perform the duties as CEO of the Company with effect from 17 November 2021. With effect from the same day, Mr. Wang Hung, Roger ("Mr. Wang"), chairman of the Board, had been re-designated as an executive Director, the CEO of the Company and the chairman of the Board. Mr. Wang is responsible for the overall strategic development of the Group, including the acceleration of the Group's digitalisation and business transformation. The Group's senior management team are responsible for assisting Mr. Wang in the implementation of business strategies and management of the day-to-day operations of the Group's business. The Group will continue to identify suitable talents for the Group's sustainable development and publish announcement in respect of the same, when required.

Provision E.1.2. stipulates that the chairman of the Board should attend the annual general meeting. Mr. Wang, the chairman of the Board, was unable to attend the annual general meeting of the Company held on 27 May 2021 due to travel restrictions resulting from COVID-19. To cope with this situation, the Company will arrange for electronic means of attendance by the Directors and Chairman of the Board at general meetings in future, if necessary.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as stipulated in Appendix 10 to the Listing Rules as its own code of conduct regarding Director's securities transactions. Specific enquiries have been made to all the Directors, and the Directors have confirmed that they have complied with all relevant requirements as stipulated in the Model Code during the year 2021.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has been established by the Company to review and supervise the financial reporting processes and internal control procedures of the Group. The annual results of the Group for the year ended 31 December 2021 have been reviewed by the Audit Committee. As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely Mr. Wong Chi Keung, Mr. Lay Danny J and Mr. Lo Ching Yan.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement will be published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.geretail.com). The annual report of the Company for the year ended 31 December 2021 will also be despatched to shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my heartfelt gratitude to all our staff members for their hard work and dedication and thank our shareholders, business partners and customers for their enduring support. In 2022, the Group will grasp the new normal and new consumption patterns, embrace new challenges and business development opportunities, endeavor in innovation as a cohesive force, strive for high-quality development in an efficient manner to bring better returns for shareholders.

By order of the Board
Golden Eagle Retail Group Limited
Wang Hung, Roger
Chairman

Hong Kong, 23 March 2022

As at the date of this announcement, the Board comprises one executive Director, namely Mr. Wang Hung, Roger and three independent non-executive Directors, namely Mr. Wong Chi Keung, Mr. Lay Danny J and Mr. Lo Ching Yan.