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

2021年報 ANNUAL REPORT

Spirit of Enterprise

Credible and Committed
Optimistic and Progressive
Dedicated and United
Diligent and Devoted

Contents

Corporate Profile

ADHERENT TO LOW-CARBON, GREEN AND SUSTAINABLE DEVELOPMENT, BUILDING NATIONWIDE RETAIL CHAIN NETWORK WITH YANGTZE RIVER DELTA AS CORE

Since the opening of its first store, Nanjing Xinjiekou Store, and after 26 years of dedicated operation, the Group has successfully opened 31 stores in the People's Republic of China ("PRC") with a total gross floor area of 2,529,930 square metres and a total operating area of 1,713,415 square metres as at 31 December 2021. These stores are located in 17 cities, across four provinces of Jiangsu, Anhui, Shaanxi, and Yunnan, and the municipality of Shanghai, covering Shanghai, Nanjing, Suzhou, Nantong, Yangzhou, Xuzhou, Taizhou, Huai'an, Yancheng, Suqian, Danyang, Kunshan, Wuhu, Ma'anshan, Huaibei, Xi'an and Kunming.

Leveraging on its leading position and strong competitive advantages in Jiangsu Province, the Group will continue to reinforce its market leadership and presence in Jiangsu, Anhui, Shaanxi, Yunnan and Shanghai by establishing comprehensive lifestyle centres which can enhance the Group's competitive strengths in the long term and have substantial potential for its business growth. Meanwhile, the Group will progressively expand into the first- and second-tier cities as well as tapping into third-tier cities' with immense potential for growth in order to achieve its goal of establishing a nationwide retail chain network. The Group will also actively fulfill its corporate social responsibilities by adopting a strategy of low-carbon business development that features emission reduction. It will press ahead with green renovation of its retail stores and the construction of new green commercial complexes, targeting for its sustainable development and contribution to the society.

CONTINUING TO ENHANCE ORGANIC GROWTH AND DEVELOPING COMPREHENSIVE LIFESTYLE CENTRES

Tapping on the growing demand of middle-class families and young customers for high-quality lifestyle, the Group has been steadily upgrading its existing merchandise portfolio. Meanwhile, capitalising on the mainstream customers' demand for consumption upgrade, the Group is developing itself into a professional operator which provides high-quality and comprehensive experiences. The Group prioritises the development of retail business and product categories with high growth and high gross margin that are able to enhance customers' shopping experiences and interaction with the stores. Therefore, the Group expands its retail business on lifestyle and amenities that are related to children's development, maternity and baby care, healthcare, household goods and cultural and creative activities in order to build comprehensive lifestyle centres that meet the needs for shopping, leisure and family gatherings. As at 31 December 2021, the Group operated 15 comprehensive lifestyle centres with a total gross floor area of 1,971,090 square metres. The section on lifestyle and amenities occupies 35.0% of the Group's total operating area. Following the launch of the Group's new flagship store, Nanjing Hexi Golden Eagle World store, being the latest generation of comprehensive lifestyle centre, the Group further strengthens its core competitiveness through improving its quality of services and enriching consumer experience with diverse contents.

Corporate Profile

EMPHASISING INCREMENTAL GROWTH DEVELOPMENT, CAPITALISING ON CONSUMPTION UPGRADE AND EMERGING INDUSTRIES OF HEALTH MAINTENANCE AND MEDICAL CARE, CHILDREN'S DEVELOPMENT, ART AND CULTURE, AND BUILDING UP ASSET-LIGHT BUSINESS MODEL AND INTELLIGENT CONSUMPTION SERVICE PLATFORM

The Group will secure more core resources such as new contents, new channels and new VIP members to foster its capabilities for its business with an asset-light business model and for providing services to meet the needs for long-term development. By pressing on its dual development strategy of self-operated stores and asset-light management output, the Group is committed to maintaining its flexibility for its sustainable development in the fast-changing and highly competitive operating environment: (i) New contents. The Group will continue to invest and develop new types of business contents to align itself with the trend of consumption upgrade. The new types of business contents will be profitable and have a rate of conversion and customers stickiness. The content of such businesses will also be innovated consistently and replicable; (ii) New channels. The Group will be able to develop new channels through the introduction of new types of business contents. By using those new channels, the Group can disseminate the new contents to other businesses beyond its existing business ecosystem, whereby the contents and channels will become the driving force of development and growth of each other; (iii) New VIP members. Leveraging on the social media and new technologies, the Group will strengthen the integration and utilisation of its internal resources, and expedite collaboration with external shared platforms, so as to continuously recruit more VIP members from middle-class families and young consumer groups who value personalised services.

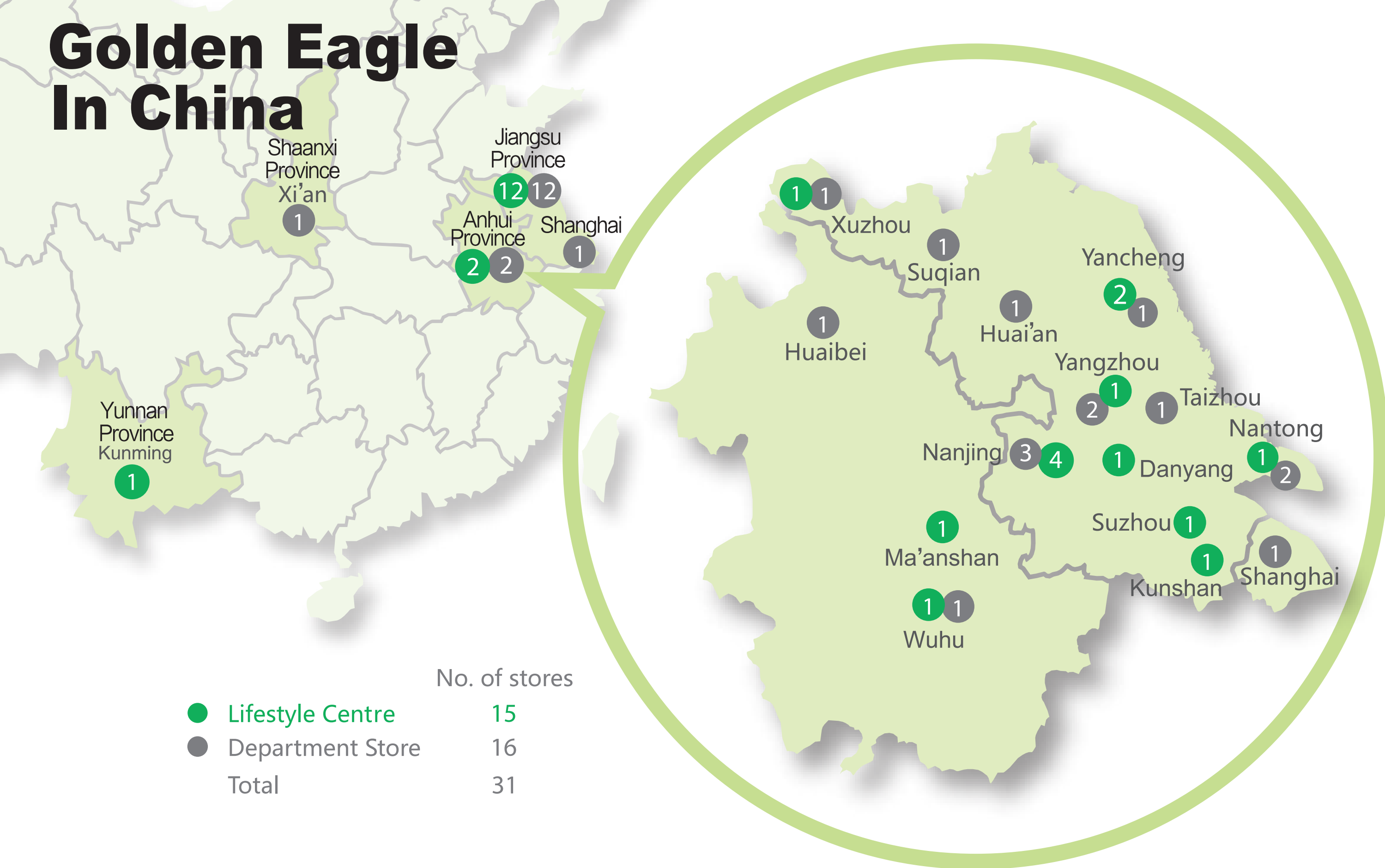
DEDICATED TO INTELLIGENT RETAIL UPGRADE TO PROVIDE VIPS WITH INNOVATIVE OMNI-CHANNEL SERVICES THAT MEET THE NEED OF CONSUMERS' DAILY LIFE AND ENHANCE THEIR SHOPPING EXPERIENCE

The Group has upgraded the online shopping experiences, the attraction of the offline sales channels and marketing activities to provide value-added VIP services in a more precise and comprehensive manner. Through the use of mobile phone application "GE Life" (金鷹生活) which was upgraded from Jinying.com (金鷹購) mobile application (the "App"), WeChat and Weibo social network platforms and the "electronic VIP card", the Group integrates the App's online platform with its retail stores, 7-ELEVEN convenience stores, brand flagship stores and the upstream and downstream resources along the value chain of the retail industry. Leveraging on its quality and convenient comprehensive lifestyle services, the Group has successfully conducted an online-and-offline two-way marketing. As at 31 December 2021, 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 electronic VIP cards with the App. During the period under review, the aggregate spending by VIP customers accounted for 64.4% of the Group's total gross sales proceeds, 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 gross sales proceeds.

LOCALISED OPERATION STRATEGIES AND MANAGEMENT WITH INTERNATIONAL PERSPECTIVE

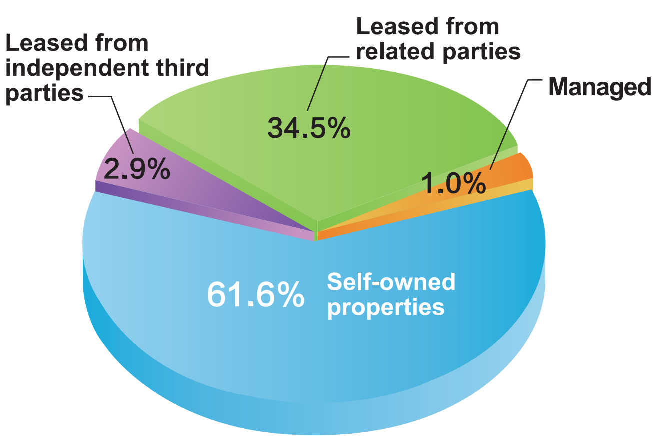
The Group appreciates the dedication and contribution of its staff and fosters their capabilities, competence and international perspective by conducting regular professional training sessions and overseas study trips for all levels of its human resources structure. The Group has also implemented localised management systems for each local market. For each of its stores, the Group recruits local talents to form a management team with local expertise and wisdom that the Group can utilise on the respective markets. As at 31 December 2021, the Group had approximately 2,590 employees.

Golden Eagle In China



Self-owned properties situated at prime shopping locations accounted for 61.6%* of total gross floor area

	Store in operation	Gross Floor Area (sq.m.) Self-owned	Leased	Sub-total
1	Nanjing Xinjiekou #	83,896	37,363	121,259
2	Nantong	9,297		9,297
3	Yangzhou	37,562	3,450^	41,012
4	Xuzhou #	110,974	5,788^	116,762
5	Xi'an Gaoxin	32,878		32,878
6	Taizhou	58,374		58,374
7	Kunming #	116,817		116,817
8	Nanjing Zhujiang Road		33,578	33,578
9	Huai'an	55,768		55,768
10	Yancheng #	88,165		88,165
11	Yangzhou Jinghua		29,598^	29,598
12	Shanghai		35,163	35,163
13	Naning Hanzhong		12,462	12,462
14	Naning Hubin Tiandi #	168,900	47,495	216,395
15	Anhui Huaibei		34,714^	34,714
16	Suqian	65,410		65,410
17	Xuzhou People's Square	37,457		37,457
18	Yancheng Outlet		18,354	18,354
19	Yancheng Julonghu #		110,848	110,848
20	Nantong Lifestyle #	94,700		94,700
21	Danyang #		51,755	51,755
22	Kunshan #	118,500		118,500
23	Nanjing Jiangning #		144,710	144,710
24	Anhui Ma'anshan #		128,439	128,439
25	Nantong Renmin Road	30,191		30,191
26	Anhui Wuhu Centre	38,277		38,277
27	Anhui Wuhu New City #	81,397		81,397
28	Suzhou #	176,764		176,764
29	Golden Eagle World #		251,019	251,019
30	Yangzhou New City Centre #	153,560		153,560
31	Nanjing GE66 @			26,308
	Total			2,529,930&



* As a percentage of total gross floor area (sq.m.) as at 31 December 2021
\# Positioned as lifestyle centre
@ Managed store
& Excludes Liyang Store, Jiahong and Lianyungang Supermarkets, Changzhou and Yancheng Aquariums and 7–Eleven convenience stores with total gross floor area of 102,687 sq.m. and Street Shop and Jinqiao Market Managed Area with total gross floor area of 287,991 sq.m, i.e. in aggregate of 390,678 sq.m.
^ Leased from independent third parties

Corporate Information

EXECUTIVE DIRECTORS

Mr. Wang Hung, Roger
Ms. Wang Janice S.Y. (resigned on 25 June 2021)
Mr. Hans Hendrik Marie Diederen
(retired on 27 May 2021)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Chi Keung
Mr. Lay Danny J
Mr. Lo Ching Yan

REGISTERED OFFICE

Cricket Square, Hutchins Drive, P.O. Box 2681
Grand Cayman, KY1 -1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN THE PRC

17th Floor, Block A, Golden Eagle World
No. 888 Yingtian Street, Jianye District
Nanjing, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1206, 12th Floor, Tower 2, Lippo Centre
89 Queensway
Hong Kong

WEBSITE

http://www.geretail.com

COMPANY SECRETARY

Ms. Tai Ping, Patricia FCPA, FCPA (Aust)

AUTHORISED REPRESENTATIVES

Mr. Wang Hung, Roger
Ms. Tai Ping, Patricia FCPA, FCPA (Aust)

AUDIT COMMITTEE

Mr. Wong Chi Keung *(Chairman)*
Mr. Lay Danny J
Mr. Lo Ching Yan

REMUNERATION COMMITTEE

Mr. Lay Danny J *(Chairman)*
Mr. Wang Hung, Roger
Mr. Wong Chi Keung

NOMINATION COMMITTEE

Mr. Wang Hung, Roger *(Chairman)*
Mr. Wong Chi Keung
Mr. Lay Danny J

STOCK CODE

3308

PRINCIPAL BANKERS IN THE PRC

Agricultural Bank of China
Bank of China
Bank of Communications
Bank of Jiangsu
Bank of Nanjing
China Construction Bank
China Merchants Bank
China Minsheng Bank
Industrial and Commercial Bank of China
Industrial Bank
Shanghai Pudong Development Bank

PRINCIPAL BANKERS IN HONG KONG

Bank of China
Bank of Jiangsu
Bank of Shanghai
China CITIC Bank International
China Construction Bank
China Everbright Bank
China Merchants Bank
China Minsheng Bank
East West Bank
Hang Seng Bank
Hongkong and Shanghai Banking Corporation
Industrial Bank
Luso International Bank
Shanghai Pudong Development Bank
Taipei Fubon Commercial Bank
The Bank of East Asia

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35th Floor, One Pacific Place
88 Queensway, Hong Kong

HONG KONG LEGAL ADVISORS

Raymond Siu & Lawyers
Units 1302-3 & 1802, Ruttonjee House
11 Duddell Street
Central, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

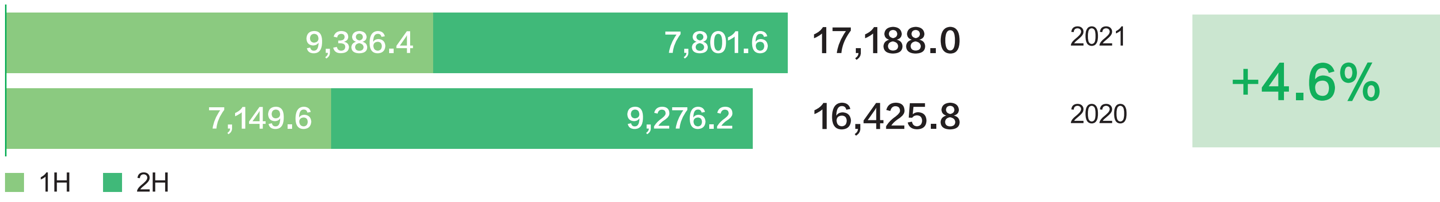
Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3
Building D, P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman, KY1-1110
Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE (BRANCH REGISTRAR)

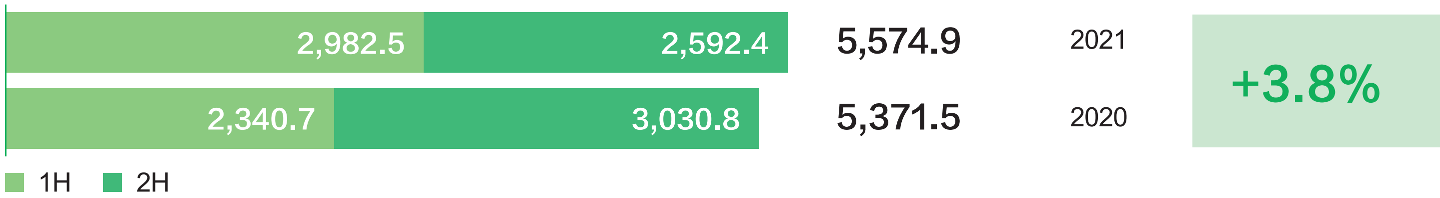
Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

Financial Highlights

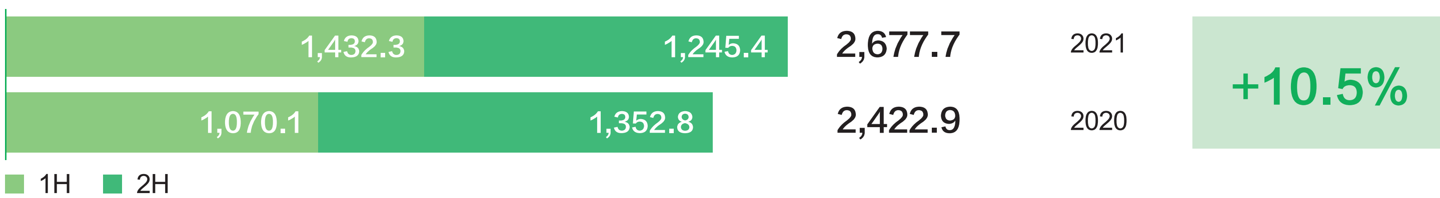
Gross Sales Proceeds (RMB Million)



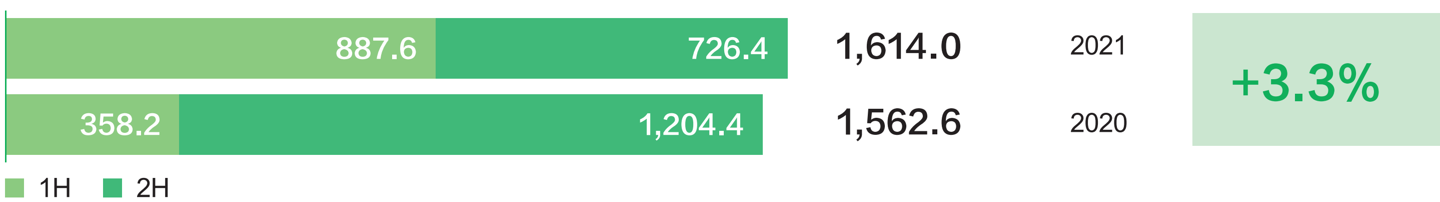
Revenue from Retail Operations (RMB Million)[1]



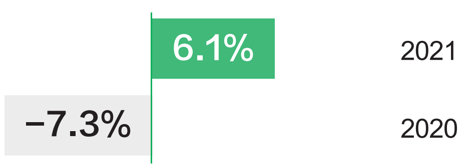
Retail Profit from Operations before Depreciation and Amortisation (RMB Million)



Profit Attributable to Owners of the Company (RMB Million)



Same-Store Sales[2]



[1] Being the Group's total revenue excluding revenue generated from property sales and hotel operations for simple reconciliation purpose.

[2] Same-store sales represents change in total gross sales proceeds of retail chain stores which were in operation throughout the comparable period.

Enriching life with styles!

Five Years Financial Summary

	2017 RMB'000 (Note)	2018 RMB'000 (Note)	2019 RMB'000	2020 RMB'000	**2021** **RMB'000**	**2020 vs 2021** **%**
Consolidated Statement of Profit or Loss for the year ended 31 December						
Gross sales proceeds	17,233,460	18,995,678	18,246,784	16,425,830	**17,187,997**	4.6
Revenue	4,950,265	6,570,201	6,149,446	5,588,268	**5,717,498**	2.3
Profit from operations	1,648,220	2,323,362	2,193,926	2,027,708	**2,244,985**	10.7
Profit for the year attributable to owners of the Company	1,277,387	897,854	1,185,480	1,562,595	**1,613,957**	3.3
Basic earnings per share (RMB)	0.763	0.537	0.706	0.938	**0.972**	3.6
Consolidated Statement of Financial Position as at 31 December						
Non-current assets	14,103,438	13,824,381	13,932,607	13,974,502	**13,916,190**	-0.4
Current assets	11,265,872	10,412,019	9,009,664	10,108,601	**11,045,987**	9.3
Total assets	25,369,310	24,236,400	22,942,271	24,083,103	**24,962,177**	3.7
Current liabilities	14,455,832	10,458,403	8,575,684	12,295,493	**8,686,940**	-29.3
Non-current liabilities	4,694,857	7,458,568	7,412,620	3,996,246	**7,638,689**	91.1
Total liabilities	19,150,689	17,916,971	15,988,304	16,291,739	**16,325,629**	0.2
Net Assets	6,218,621	6,319,429	6,953,967	7,791,364	**8,636,548**	10.8
Capital and reserves						
Equity attributable to owners of the Company	6,100,322	6,207,771	6,855,196	7,701,292	**8,548,159**	11.0
Non-controlling interests	118,299	111,658	98,771	90,072	**88,389**	-1.9
	6,218,621	6,319,429	6,953,967	7,791,364	**8,636,548**	10.8
Net assets per share attributable to owners of the Company (RMB)	3.645	3.696	4.083	4.639	**5.149**	11.0
Number of shares in issue (in thousand)	1,673,820	1,679,406	1,679,038	1,660,205	**1,660,205**	–

Note: The financial information for each of the two years ended 31 December 2018 have been restated in order to include the results of the entity which was acquired under common control during the year ended 31 December 2019.

Chairman's Statement

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[1] 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.

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

Chairman's Statement

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.

Chairman's Statement

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.

Chairman's Statement

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 the 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 in progress. 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.

Chairman's Statement

Lastly, 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.

Wang Hung, Roger
Chairman

23 March 2022

Management Discussion and Analysis

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 same-store sales[(2)] 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.

(2) Same-store sales represents change in total GSP of retail chain stores which were in operation throughout the comparable period.

Management Discussion and Analysis

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.

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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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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 RMB405.2 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 RMB200.0 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.

Management Discussion and Analysis

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 **RMB'000**	2020 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%).

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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.

Directors and Management Profiles

The Directors and senior management of the Group as at the date of this report are as follows:

DIRECTORS

Executive Director

Mr. Wang Hung, Roger (王恒), aged 73, is the chairman and chief executive officer of the Company and is responsible for the overall management, strategic planning and major decision-making of the Group. Mr. Wang obtained a bachelor degree in Economics from Chinese Culture University of Taiwan and a master degree in Business Administration ("MBA") from Southeastern Louisiana University of the United States of America in 1969 and 1973 respectively. Mr. Wang established Transpacific Management Inc. in the United States of America in 1978 and was the president of the company. He established Golden Eagle International Group in 1992 and has been its chairman since then. Mr. Wang was awarded the Honorary Citizen of Nanjing in 1994 and also awarded Entrepreneur of the Year 2011 China by Ernst & Young. He was an executive vice president of the Fifth Council of Nanjing City Overseas Exchange Association (南京市海外交流協會) in 2016 and was the chairman of Committee of 100 during the period from May 2018 to May 2021. Mr. Wang is now the permanent honorary chairman of Jiangsu Haixie Education Foundation (江蘇海協教育基金會), permanent honorary president of Jiangsu Overseas Chinese Merchants Association (江蘇省僑商總會) and a mentor at Nanjing University Student Employment and Start Up Centre. He has over 44 years of experience in the development and management of real estate and department store retailing and has served the Group for more than 29 years. Mr. Wang has not held any directorship in any other listed companies in the last three years immediately preceding the date of this report.

Independent non-executive Directors

Mr. Wong Chi Keung (黃之強), aged 67, has been serving the Company since February 2006. Mr. Wong holds an MBA degree from University of Adelaide in Australia. He is a fellow member of Hong Kong Institute of Certified Public Accountants, The Association of Chartered Certified Accountants and CPA Australia; an associate member of The Institute of Chartered Secretaries and Administrators and The Chartered Institute of Management Accountants. Mr. Wong is a Responsible Officer for the licensed activities of asset management and advising on securities for CASDAQ International Capital Market (HK) Company Limited under the Securities and Futures Ordinance of Hong Kong since 19 April 2016. Mr. Wong has over 45 years of experience in finance, accounting and management. Mr. Wong was an executive director, the deputy general manager, group financial controller and company secretary of Yuexiu Property Company Limited (formerly known as Guangzhou Investment Company Limited), a company listed on the Stock Exchange, for over 10 years since December 1992. He currently also serves as an independent non-executive director and a member of the audit committee of various companies listed on the Stock Exchange, including Asia Orient Holdings Limited, Asia Standard International Group Limited, Asia Standard Hotel Group Limited, Century City International Holdings Limited, China Ting Group Holdings Limited, Changyou Alliance Group Limited (formerly known as Fortunet e-Commerce Group Limited), Yuan Heng Gas Holdings Limited (formerly known as Ngai Lik Industrial Holdings Limited), Paliburg Holdings Limited, Regal Hotels International Holdings Limited and Zhuguang Holdings Group Company Limited respectively. Mr. Wong is also an independent non-executive director of TPV Technology Limited which was privatised with effect from 14 November 2019. Mr. Wong was an independent non-executive director of Guoan International Limited during the period between 13 April 2021 and 9 June 2021 and Nickel Resources International Holdings Company Limited (formerly known as China Nickel Resources Holdings Company Limited) immediately before the cancellation of listing of its shares by the Listing Committee of the Stock Exchange with effect from 14 February 2020. Save for the above, Mr. Wong has not held any directorship in any other listed companies in the last three years immediately preceding the date of this report.

Directors and Management Profiles

Mr. Lay Danny J (雷王鯤), aged 70, was elected as an independent non-executive Director of the Company on 21 May 2014. Mr. Lay graduated with a B.S. in Physics from Chung Yuan University of Taiwan and obtained an MBA degree from Drury University in Missouri of the United States of America. Mr. Lay is a certified executive coach, through the Columbia University Executive Coaching Certification Program, and also certified by the International Coach Federation. He is also a director and a member of the Board of Trustees at Drury University in Missouri of the United States of America. Mr. Lay has over 37 years of experience in operational management. He was (i) the Special Assistant to the Governor of the State of Missouri, United States of America; (ii) the Commissioner for U.S. Banks; (iii) the General Manager of Ridge Tool Asia Pacific; (iv) the Director of Ridge Tool (Australia) Pty. Ltd., Leroy Somer Electro-Technique (Fuzhou) Co., Ltd., Tsubaki Emerson Co. Osaka, Japan, ClosetMaid (Jiangmen) Ltd., Tsubaki Emerson HSC (Tianjin) Co., Emerson Electric (China) Holdings Co., Ltd., Zhejiang Emerson Motor Co. Ltd., Emerson Electric (M) Sdn. Bhd., Emerson Electric (Thailand) Ltd., the Director and President of Emerson Electric Company, Greater China; (v) the Chairman and General Manager of Emerson Trading (Shanghai) Co., Ltd.; (vi) the Managing Director of Emerson Electric (Taiwan) Co., Ltd.; (vii) the Business Leader of Emerson Commercial and Residential Solutions, Asia Pacific Region; (viii) the Vice President of Business Development & Operations, Emerson Electric Company, South-east Asia Region; (ix) the Chairman and Director of Emerson Professional Tools (Shanghai) Ltd. and (x) the Director of Emerson Junkang Enterprise (Shanghai) Co., Ltd.. Mr. Lay was also an independent non-executive director of Forward Electronics Company, Limited (a company listed on the Taiwan GreTai Securities Market) during the period between 23 June 2016 to 9 August 2021. Save for the above, Mr. Lay has not held any directorship in any other listed companies in the last three years immediately preceding the date of this report.

Mr. Lo Ching Yan (盧正昕), aged 78, was elected as an independent non-executive Director of the Company on 23 May 2019. Mr. Lo graduated from National Chengchi University of Taiwan with a bachelor degree in International Trade and obtained an MBA degree in 1970 and an Honorary Doctor's degree in Law in 2008 from Indiana State University of the United States of America. Mr. Lo has been a banker for more than 43 years. He served as a vice president at Citibank in New York from 1970 to 1976, and was seconded to Citibank in Taiwan from 1976 to 1986. He handled high-value syndicated loans for national corporations and unsecured term loans for small and medium enterprises during his term of office in Taiwan. He established Bank SinoPac (with total assets amounted to US$50 billion in 2008) in Taiwan in 1992 and became its chief executive officer. In 1997, Bank SinoPac acquired Far East National Bank in California and he became the chairman of Far East National Bank. From 1997 to 2002, he also acted as the chief advisor of First Sino Bank in Shanghai for 5 years to assist its growth during its start-up period. He established SinoPac Holdings Company Limited in 2002, which engages in commercial banking, securities and insurance. In 2010, he became the chairman of Cosmos Bank in Taiwan and was responsible for improving its business performance. In 2014, he left Cosmos Bank upon its acquisition by China Development Financial Holding Corporation, and became the chief executive officer of Taurus Investment Corporation. Mr. Lo has not held any directorship in any other listed companies in the last three years immediately preceding the date of this report.

Directors and Management Profiles

SENIOR MANAGEMENT (MEMBERS FROM THE CHAIRMAN'S OFFICE)

Mr. Chen Yuan, David (陳園), aged 41, is a senior vice president and Chief Service Officer of the Group. Mr. Chen graduated from Siena College of the United States of America in 2004, majoring in Management Science. He joined Golden Eagle Hotel Group as an executive vice president in March 2021 and was promoted as senior vice president and Chief Service Officer of Golden Eagle International Group and the Group in June 2021. He is responsible for managing, coordinating and synergising Golden Eagle International Group and the Group's hotel operations, membership, brand image and customer services. Mr. Chen has over 18 years of experience in service operation and corporate management.

Mr. Feng Zhuoming (馮卓明), aged 53, is a vice president of the Group. Mr. Feng graduated from Xi'an University of Architecture and Technology (西安建築科技大學) in 1991, majoring in Industrial and Civil Architecture. He obtained an MBA degree from China Europe International Business School (中歐國際工商學院) in 2014. He joined Golden Eagle International Group as an executive vice president in July 2006 and was appointed as the Chief Development Officer of Golden Eagle International Group in August 2021. He was appointed as vice president of the Group in November 2019 and is responsible for Golden Eagle International Group's and the Group's construction planning and management as well as managing the Group's Golden Eagle World Store. Mr. Feng has over 31 years of experience in engineering management, construction planning and management and corporate management.

Ms. Zhang Wanyu (張文煜), aged 51, is a vice president of the Group. Ms. Zhang obtained an MBA degree from Nanjing University (南京大學) in 2011. She joined the Group in 2011 as the director of the finance department. She was re-designated to Nanjing Xinbai Holdings Group Co., Ltd. as director of the finance department and assistant general manager. She was re-designated to the Group in August 2015 as assistant president and was promoted as a vice president of the Group in February 2017. She is responsible for the Group's financial management. Ms. Zhang has over 30 years of experience in financial management and has served the Group for more than 10 years.

Ms. Zheng Shiwen (鄭師文), aged 37, is a vice president of the Group. Ms. Zheng graduated from Nanjing University of Science and Technology (南京理工大學), majoring in Administration Management and obtained a master's degree in 2008. She joined Golden Eagle International Group in August 2020 as an assistant president. She also served as a vice president of the Group since June 2021 and is responsible for the Group's human resources management and coordination. Ms. Zheng has over 12 years of experience in human resources.

Ms. Tai Ping, Patricia (戴苹), aged 49, is the Chief Financial Officer of the Group. Ms. Tai obtained a double bachelor degree in Accounting and Information System from Monash University, Australia in 1995. Ms. Tai is a fellow member of Hong Kong Institute of Certified Public Accountants and CPA Australia. Ms. Tai joined the Group in September 2008 as an assistant president of the Group and was promoted as the Chief Financial Officer in April 2009. She has also served as the Company Secretary of the Company from December 2010 onwards. Ms. Tai has over 26 years of experience in auditing and financial management and has served the Group for more than 13 years.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The board (the "Board") of directors (the "Directors") and management of the Company are committed to achieving and maintaining high standards of corporate governance to enhance corporate performance, transparency and accountability through a set of corporate governance principles and practices.

The Directors are of the opinion that, save for the deviation from code provisions A.2.1 and E.1.2, details of which are set out in the paragraphs headed "Chairman and Chief Executive Officer" and "Number of Meetings and Directors' Attendance" respectively below, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") under Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") which were in force for the year ended 31 December 2021.

The Company's corporate governance structure includes the Board and three board committees under the Board, namely the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee"). The Board stipulates the terms of reference of all board committees and specifies clearly the powers and responsibilities of the board committees.

THE BOARD

The Board plays a central leading and supervisory role in the Company and its subsidiaries (the "Group") and is responsible for promoting the success of the Group by directing and supervising its affairs in a responsible and effective manner.

The Board oversees the management of the Company. Decisions on important matters, including but not limited to the approval of the overall business strategies and policies, business development, risk management, annual budgets, financial results, investment proposals, major acquisitions, disposals and capital transactions, internal control, material funding decisions and major commitments relating to the Group's operations. The Board is obliged to make decision in the best interests of the Company and its shareholders as a whole and the Directors are required to fulfil their fiduciary duties.

Decisions on the Group's day-to-day management and operations are delegated to the management of the Group. This delegation of authority includes responsibility for operating the Group's businesses within the authority set by the Board, keeping the Board informed of material developments of the Group's businesses, identifying and managing operation and other risks and implementing the policies and decisions approved by the Board.

BOARD COMPOSITION

During the period between 1 January 2021 to 26 May 2021, the Board comprised 6 members, including three executive Directors, Mr. Wang Hung, Roger (Chairman) ("Mr. Wang"), Ms. Wang Janice S. Y. and Mr. Hans Hendrik Marie Diederen and three independent non-executive Directors, Mr. Wong Chi Keung, Mr. Lay Danny J and Mr. Lo Ching Yan. With effect from 27 May 2021, Mr. Hans Hendrik Marie Diederen retired as an executive Director and with effect from 25 June 2021, Ms. Wang Janice S. Y. resigned as an executive Director. Ms. Wang Janice S. Y. is the daughter of Mr. Wang. Save for the aforesaid and other than being members of the Board, there is no other relationship between the members of the Board. The Board believes that the composition of the Board is reasonable and adequate to provide sufficient checks and balances that serve to safeguard the interests of the Company and its shareholders as a whole.

Each Director has different professional qualifications, knowledge, skills, industry experience and expertise, which enable them to make valuable and diversified contribution and guidance to the Group's business development and operations. The Directors' biographical details are set out in the section headed "Directors and Management Profiles" to this annual report.

During the year ended 31 December 2021, the Board had at all times met the relevant requirements under the Listing Rules relating to the appointment of at least three independent non-executive Directors (representing not less than one-third of the Board), with at least one independent non-executive Director possessing appropriate accounting and related financial management expertise. The independence of the independent non-executive Directors is assessed according to the relevant rules and requirements under the Listing Rules. The Company has received from each of the independent non-executive Directors a confirmation of his independence in accordance with Rule 3.13 of the Listing Rules and the Company is of the view that all independent non-executive Directors met the independence guidelines and are independent in accordance with the relevant rules and requirements.

The Nomination Committee has reviewed the Board's structure, size, diversity and composition to ensure that it has a balance of expertise, skills, independence and experience appropriate to the requirements of the Group's business development and operations and that it satisfies the requirements under the Board Diversity Policy (as defined below), save and except that the Company shall appoint at least one Director of different gender.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the year under review, the Chairman of the Board took a leading role in the overall management and is responsible for the effective functioning of the Board. He was also responsible for the overall strategic development of the Group.

Under the Code provision A.2.1, 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, 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.

APPOINTMENT, RE-ELECTION AND REMOVAL

The appointment, re-election and removal of Directors are governed by the Articles of Association of the Company. The Board may from time to time appoint a Director either to fill a casual vacancy or as an addition to the Board.

At each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire by rotation in accordance with the Company's Articles of Association and, if eligible, may offer themselves for re-election.

Each of the non-executive Directors was appointed for a specific term of one year.

As at the date of this report, the Board comprises four Directors and all are male. One of them, namely Mr. Wong Chi Keung, is in the age group of 60 – 69 and the remaining three of them, namely Mr. Wang, Mr. Lay Danny J and Mr. Lo Ching Yan are in the age group of 70 – 79. We have five senior management. Two of them are male and three of them are female and one of them is in the age group of 30 – 39, two of them are in the age group of 40 – 49 and the remaining two of them are in the age group of 50 – 59.

DIRECTORS NOMINATION POLICY

The procedures for nominating Directors are set out under the directors nomination policy of the Company. The secretary of the Company shall call a meeting of the Nomination Committee, and invite nominations of candidates from Board members for consideration by the Nomination Committee. The Nomination Committee may also put forward candidates who are not nominated by Board members. The factors which would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate for the role of Director include, inter alia, integrity, professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy, willingness to devote adequate time to discharge duties as a Board member, diversity of the Board, and such other perspectives relevant to the Company's business. The Nomination Committee shall make recommendations for the Board's consideration and approval.

Corporate Governance Report

DIVERSITY OF THE BOARD

The Company has adopted a board diversity policy ("Board Diversity Policy") to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered based on objective criteria, having due regard to the benefits of diversity on the Board.

The Nomination Committee monitors the implementation of the board diversity policy to ensure its effectiveness.

NUMBER OF MEETINGS AND DIRECTORS' ATTENDANCE

During the year ended 31 December 2021, five Board meetings were held and one set of unanimous written resolutions of the Directors was passed. Notice of regular Board meetings is given to all Directors at least 14 days before each meeting, and all Directors were given the opportunity to include matters in the agenda for discussion at the Board meetings. The agenda and meeting materials, including relevant background information and supporting analysis, are normally sent to all Directors at least three days before each regular Board meetings (and so far as the same were practicable for such other Board meetings) to ensure that the Directors would have sufficient time and attention to the affairs of the Company. The individual attendance of the Directors at the five Board meetings was as follows:–

Mr. Wang Hung, Roger (4/5)
Ms. Wang Janice S. Y. (resigned on 25 June 2021) (2/5)
Mr. Hans Hendrik Marie Diederen (retired on 27 May 2021) (2/5)
Mr. Wong Chi Keung (5/5)
Mr. Lay Danny J (5/5)
Mr. Lo Ching Yan (5/5)

During the year ended 31 December 2021, two general meetings were held. The individual attendance of each of the Directors at the two general meetings was as follows:–

Mr. Wang Hung, Roger (0/2)
Ms. Wang Janice S. Y. (resigned on 25 June 2021) (0/2)
Mr. Hans Hendrik Marie Diederen (retired on 27 May 2021) (0/2)
Mr. Wong Chi Keung (2/2)
Mr. Lay Danny J (0/2)
Mr. Lo Ching Yan (0/2)

According to code provision E.1.2, 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 held on 27 May 2021 due to travel restrictions resulting from COVID-19.

Corporate Governance Report

PRACTICES AND CONDUCT OF MEETINGS OF THE BOARD AND BOARD COMMITTEES

The Company Secretary is responsible for ensuring the proper convening and conducting of the Board and board committee meetings, with relevant notices, agenda and all relevant Board and board committee papers being provided to the Directors and board committee members in a timely manner before the meetings.

The Company Secretary is responsible for compiling and keeping minutes of all meetings of the Board and board committees. Minutes of Board and board committee meetings are available for inspection by Directors and board committee members. All Directors have direct access to the Company Secretary who is responsible for advising the Board on corporate governance and compliance issues.

Each Director is required to disclose his interests or potential conflicts of interests, if any, in any proposed transactions or issues discussed by the Directors at the Board and board committee meetings. A Director shall be required to abstain from voting on any resolution of the Board and board committees approving any contract or arrangement or any other proposal in which he (or his associates) is materially interested nor shall he be counted in the quorum present at the meeting.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiries have been made to all Directors, and the Directors have confirmed that they have complied with all relevant requirements as set out in the Model Code during the year ended 31 December 2021. The Company will from time to time reiterate and provide reminders to the Directors regarding the procedures, rules and requirements to be complied with by them in relation to Directors' dealings in securities.

ACCOUNTABILITY AND AUDIT AND AUDITOR'S REMUNERATION

The Directors acknowledge their responsibility for the preparation of the financial statements which give a true and fair presentation of the state of affairs of the Group for the year ended 31 December 2021. This responsibility has also been mentioned in the Independent Auditor's Report on pages 108 to 112 of this annual report.

In preparing the financial statements for the year ended 31 December 2021, the Board (a) adopted all applicable accounting and financial reporting standards, including but not limited to the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants; (b) selected suitable accounting policies and applied them consistently; (c) made prudent and reasonable judgements and estimates; and (d) ensured that the financial statements were prepared on a going concern basis.

Corporate Governance Report

The Directors are also responsible for ensuring timely publication of the Group's financial statements. The Company aims to present a clear, balanced and understandable assessment of the Group's performance and position through all its publications and communications to the public and is aware of the requirements under the applicable rules and regulations about timely disclosure of inside information. The annual results of the Group for the year ended 31 December 2020 and interim results of the Group for the six months ended 30 June 2021 were published within 3 months and 2 months respectively after the end of the relevant periods to provide stakeholders with transparent and updated financial information of the Group.

The statement by the auditors of the Company about their reporting responsibilities is set out on pages 108 to 112 of this annual report. The auditors of the Company received approximately RMB2.60 million for the provision of audit services rendered during the year ended 31 December 2021 and no non-audit services had been rendered by the auditors of the Company during the year under review.

RISK MANAGEMENT, INTERNAL CONTROL AND THEIR EFFECTIVENESS

The Board has the overall responsibility for maintaining sound and effective internal controls and risk management system for the Group to safeguard the interests of its stakeholders and the assets of the Group at all times. In this connection, an internal control and risk management system has been established to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage or mitigate rather than eliminate risks of failure to achieve the Group's business objectives.

The internal audit department is responsible for conducting independent reviews of the adequacy and effectiveness of the Group's internal control and risk management system, reporting regularly the results to the Board through the Audit Committee and making recommendations to the relevant management for necessary actions.

During the year ended 31 December 2021, the internal audit department had conducted reviews on the effectiveness of the internal control and risk management system covering all material factors related to financial, operational, compliance controls, various functions for risk management and asset and information security. Two bi-annual internal control reports containing its findings and results were reported to the Audit Committee during the Audit Committee meetings and had been delivered to all Directors for review.

The management of the Company had reported during the Audit Committee meetings the key findings identified by the Company's external auditors in respect of the Group's internal control and risk management system and discussed findings and actions or measures taken in addressing those findings. The Company considers the internal control and risk management system is effective and adequate during the year under review. No material issues on the Group's internal control and risk management system have been identified by the Group's internal audit department and the Company's external auditors during the year ended 31 December 2021 which required significant rectification works.

Corporate Governance Report

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy"), pursuant to which the Company may distribute dividends to the shareholders of the Company by way of cash or shares. Any distribution of dividends shall be in accordance with the Articles of Association of the Company and the laws of the Cayman Islands and the distribution shall have due regard to the continuity, stability and sustainability of the Company.

The recommendation of the payment of any dividend is subject to the absolute discretion of the Board. In proposing any dividend payout, the Board shall also take into account, inter alia, the Group's earnings per share, the reasonable return in investment of the investors and the shareholders in order to provide incentive to them to continue to support the Group in long-term basis, the financial conditions and business plan of the Group, and the market sentiment and circumstances at the material time.

The Dividend Policy will be reviewed from time to time and there is no assurance that a dividend, or a dividend of specific amount, will be proposed or declared in any specific periods.

CONTINUOUS PROFESSIONAL DEVELOPMENT

The Directors have complied with the requirement under the code provision A.6.5 of the CG Code regarding continuous professional development. A summary of the trainings received by each of the Directors during the year ended 31 December 2021 is as follows:

	Reading	Attending training programs
Mr. Wang Hung, Roger	√	√
Ms. Wang Janice S. Y. (resigned on 25 June 2021)	√	√
Mr. Hans Hendrik Marie Diederen (retired on 27 May 2021)	√	√
Mr. Wong Chi Keung	√	√
Mr. Lay Danny J	√	√
Mr. Lo Ching Yan	√	√

BOARD COMMITTEES

During the year ended 31 December 2021, there were three board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee with specific terms of references to assist the Board in discharging its responsibilities.

Audit Committee

During the year ended 31 December 2021, the Audit Committee comprises three independent non-executive Directors, namely Mr. Wong Chi Keung, Mr. Lay Danny J and Mr. Lo Ching Yan. The Audit Committee is chaired by Mr. Wong Chi Keung, who is a certified public accountant. The principal functions of the Audit Committee are to review and supervise the Group's financial reporting processes and internal control and risk management system.

During the year ended 31 December 2021, the Audit Committee reviewed the Group's interim and annual financial statements and the effectiveness of the Group's internal control and risk management system. The Audit Committee had performed the following works:

(a) reviewed the financial reports for the year ended 31 December 2020 and for the six months ended 30 June 2021;
(b) reviewed the accounting principles and practices adopted by the Group and ensured the compliance with the relevant accounting standards, the Listing Rules and other statutory requirements;
(c) reviewed the effectiveness of the internal control and risk management system;
(d) reviewed the findings and recommendations of the internal control department and the Company's external auditor on the operations of the Group; and
(e) reviewed and recommended to the Board the audit scope and auditor's remuneration for the year ended 31 December 2021.

During the year ended 31 December 2021, two Audit Committee meetings were held. The individual attendance of its members is as follows:–

Mr. Wong Chi Keung (2/2), Mr. Lay Danny J (2/2) and Mr. Lo Ching Yan (2/2).

Remuneration Committee

During the year ended 31 December 2021, the Remuneration Committee comprises an executive Director, Mr. Wang Hung, Roger; and two independent non-executive Directors, Mr. Wong Chi Keung and Mr. Lay Danny J. The Remuneration Committee is chaired by Mr. Lay Danny J.

The principal functions of the Remuneration Committee are (i) to make recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management in order to retain and attract talents to manage the Group effectively; (ii) to determine, with the delegated responsibility, the specific remuneration packages of all executive Directors and senior management; (iii) to assess the performance of the executive Directors; and (iv) to approve the terms of the service contracts of the executive Directors. The Directors and their associates do not participate in the decisions in relation to their own remuneration.

During the year ended 31 December 2021, the Remuneration Committee had reviewed the Group's policy on the remuneration of all Directors and senior management and two Remuneration Committee meetings were held. The individual attendance of its members is as follows:–

Mr. Lay Danny J (2/2), Mr. Wang Hung, Roger (1/2) and Mr. Wong Chi Keung (2/2).

Nomination Committee

During the year ended 31 December 2021, the Nomination Committee comprises an executive Director, Mr. Wang Hung, Roger; and two independent non-executive Directors, Mr. Wong Chi Keung and Mr. Lay Danny J. The Nomination Committee is chaired by Mr. Wang Hung, Roger, the Chairman of the Board.

The principal functions of the Nomination Committee are to determine the policy for the nomination of Directors, to review the structure, composition and diversity of the Board, to assess the independence of the independent non-executive Directors and to make recommendations on relevant matters relating to the appointment or re-appointment of Directors.

During the year ended 31 December 2021, one Nomination Committee meeting was held. The individual attendance of its members is as follows:–

Mr. Wang Hung, Roger (0/1), Mr. Wong Chi Keung (1/1) and Mr. Lay Danny J (1/1).

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for the corporate governance matters of the Company. The Board has established its terms of reference, pursuant to which the duties of the Board include, inter alia, (i) to develop, review and implement the policies and practices of the Company on corporate governance; (ii) to review, monitor and implement the policies and practices of the Company on compliance with legal and regulatory requirements; (iii) to review, monitor and implement the training and continuous professional development of the Directors and senior management of the Group; (iv) to develop, review, monitor and implement the code of conduct and compliance manual (if any) applicable to Directors and employees; and (v) to review and implement the compliance with the CG Code and disclosure in the Corporate Governance Report.

COMPANY SECRETARY

The Company Secretary is Ms. Tai Ping, Patricia. Her biographical details are set out in the section headed "Directors and Management Profiles" of this report. The Company Secretary took no less than 15 hours of relevant professional trainings during the year ended 31 December 2021 as required by the Listing Rules.

Corporate Governance Report

COMMITMENT TO TRANSPARENCY

The Board puts emphasis on creating and maintaining a high level of transparency through timely disclosure of relevant information on the Group's business and activities to shareholders, investors, media and investing public through various channels, including the Company's annual general meetings, extraordinary general meetings, analysts' briefings, press conferences following the announcements of interim and annual results, regular press releases, timely update of the Company's website as well as the availability of designated investor relationship agent to handle enquiries from investors and the public. The executive Directors and senior management, who together oversee our business operations, are committed to respond to enquiries from regulatory authorities, shareholders, investors and business partners.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company regards high quality reporting as an essential element in establishing successful relationships with its shareholders. The Company always endeavours to provide relevant information to existing and potential investors, not only to comply with the various legal and regulatory requirements in force but also to enhance transparency and communications with shareholders and the investing public. The Company is committed to ensuring that all shareholders and potential investors have equal opportunities to receive and obtain publicly available information that is released by the Group. Regular disclosures about important information, including performance, fundamental business strategy, governance and risk management are disseminated through various channels such as:

- the Company's annual general meetings and extraordinary general meetings
- analysts' briefings, press conferences and publication of the Group's results presentations on the website of the Company following the announcements of interim and annual results
- timely updates of the Group's information on the websites of the Company and the Stock Exchange
- meetings with shareholders and the investing public
- prompt press releases and announcements regarding major corporate actions and business initiatives

The Company has established a shareholders communication policy to ensure that the shareholders will be provided with ready, equal and timely access to balanced and understandable information about the Company at all times. The Company reviewed the implementation and effectiveness of the shareholders' communication policy and considered it to be effective. The Company will regularly review the effectiveness of such policy.

The Company maintains a website at http://www.geretail.com where the Company's announcements, results presentations, circulars, notices, financial reports, business developments, press releases and other information are posted. Shareholders are encouraged to access corporate communications from the Company through its website.

The Group also participated in various investor conferences and forums during the year in order to enhance the public awareness on the Group's vision and strategies.

Corporate Governance Report

AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

The Company did not amend its Articles of Association during the year ended 31 December 2021.

SHAREHOLDERS' RIGHTS

Convening extraordinary general meeting and putting forward proposals at Shareholders' meetings

Any one or more shareholder(s) of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid-up share capital of the Company carrying the right to vote at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company at Unit 1206, 12th Floor, Tower 2, Lippo Centre, 89 Queensway, Hong Kong, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such requisition, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board to convene the meeting shall be reimbursed to the requisitionist(s) by the Company.

Enquiries to the Board

We always welcome Shareholders' view and input. Shareholders and other stakeholders may at any time send their concerns to the Company Secretary, Ms. Tai Ping, Patricia by mail, facsimile or email. The contact details are as follows:

Address:	Unit 1206, 12th Floor, Tower 2, Lippo Centre, 89 Queensway, Hong Kong
Facsimile no.:	(852) 2529 8618
Email:	ir@jinying.com

Environmental, Social and Governance Report

The Group's Environmental, Social and Governance (the "ESG") report is prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Group has complied with all of the "comply or explain" provisions as set out in the Environmental, Social and Governance Reporting Guide for the year ended 31 December 2021.

The Group is principally engaged in the development and operation of lifestyle centres and stylish department store chain in the People's Republic of China (the "PRC"). Apart from this, the Group also engages in property development and hotel operation at a relatively smaller scale. This report mainly focuses on the sustainability policies, performance and initiatives in respect of the Group's Nanjing headquarter, its lifestyle centres and stylish department store chain operations as well as its relevant employees, and conforms to the following principles:

Materiality:	The Group identifies key ESG areas to be concerned through stakeholder engagement and materiality assessment, and formulates specific strategies and improvement plans.
Quantitative:	This report presents the key environmental and social performance indicators in quantitative terms, accompanies with quantitative data descriptions, explains its purpose and impact, and provides comparative data.
Balance:	This report provides an unbiased picture of the Group's current performance on ESG management following the principle of balance.
Consistency:	The data disclosure and statistical methods used in this report are consistent with those of the 2020 ESG report to ensure the comparability of information.

Environmental, Social and Governance Report

BUSINESS PHILOSOPHY

As a leading retail store operator in the PRC, the Group is committed to its conduct as a responsible, ethical and sustainable corporate citizen. We strive to offer a one-stop shopping experience that focuses upon providing our customers with a wide range of quality merchandise and services in a convenient, comfortable and joyous shopping environment.

Customers:	Our mission is to operate one-stop comprehensive lifestyle retail stores so as to provide our customers a pleasant shopping experience.
Employees:	Our employees are our valuable assets, we treat them with fairness and respect, and maintain a working environment that allows them to unleash their full potentials.
Business partners:	We work with our business partners with diligence, fairness and integrity. At the same time, we encourage our business partners to embrace high standards of corporate responsibility similar to those of ours.
Community:	We are dedicated to unremittingly serve and contribute to the communities in which our business is operated.
Shareholders and Investors:	We endeavour to create sustainable returns to our shareholders and investors.

GOVERNANCE STRUCTURE

The board of directors of the Company (the "Board") is the highest governing body of the Group. It is responsible for formulating the Group's overall management objectives, strategies, priorities and goals in relation to the ESG aspects and is also in charge of supervising their implementations. The ESG Committee comprises the executive directors of the Company, the senior management from the Chairman's office of the Group as well as senior members from various operating departments, and is responsible for the formulation, implementation and daily governance of the overall ESG strategies of the Group.

Members of the ESG Committee are responsible for the formulation and implementation of the relevant ESG objectives in relation to various operating aspects as well as the collection and reporting of the relevant information. It is also the responsibility of the members to submit relevant performance and annual reports in relation to the ESG issues to the Board on a regular basis. They also endeavour to continuously improve the reporting mechanism in relation to various ESG issues, which will allow the Board to be fully aware of the initiatives in relation to the ESG issues of various operating aspects of the Group and their subsequent implementation and the follow-up progress, as well as the relevant governance system and measures in relation to the potential risks of the ESG issues of the Group.

Environmental, Social and Governance Report

To implement the strategic initiatives in relation to the ESG issues more effectively and to monitor the possible ESG-related risk, the ESG Committee will also hold meetings on a regular or ad-hoc basis depending on the actual circumstances to assess, formulate and adjust relevant strategies. Regular meeting will be held with sub-units under the ESG Committee to follow up the implementation of the relevant policies and standards in relation to various operating aspects of the Group. Meanwhile, the ESG Committee will also promptly seek assistance from the relevant departments such as legal and internal audit departments in case necessary in order to assess the possible risks which the Group may be exposed to, and formulate corresponding responses and monitoring measures.

Playing a crucial role in the implementation of strategic initiatives in relation to the ESG issues of the Group, the ESG Committee will continuously acquaint themselves with the trends, developments and changes in ESG issues, striving to promote an effective incorporation of the Group's strategies in relation to the ESG issues into the corporate's daily decision makings processes and business operations. It is believed that under the collaboration of various operating levels, the efforts made by the Group in the relevant aspects will strenuously ensure itself a high level of corporate responsibility standard in relation to the ESG issues.

COMMUNICATION WITH STAKEHOLDERS

Stakeholders of the Group include local governments and regulators, shareholders and investors, employees, brand suppliers, rental tenants, customers, and the community. The Group attaches high importance on our communication with stakeholders, effective channels have been established for communication with stakeholders, issues of concern in respect of corporate social responsibilities have been discussed with responses to facilitate the realisation of mutual growth for both parties.

MATERIALITY ASSESSMENT

The Group regularly reviews major issues to align our strategies and long-term objectives of ESG management and to create value for stakeholders and businesses. We have identified three major ESG issues covering environment, social and operating practices in accordance with the requirements of the ESG Reporting Guide. According to the industry natures and the importance of issues to the business development and stakeholders, ESG issues are arranged in their order of prioritisation through ESG materiality assessment model to define key issues. All assessment results are reviewed by the ESG committee.

In 2021, we have identified "Climate Change" as a new ESG issue based on the enormous impact of climate change on economic development, such as extreme weather conditions. Given that our business and operating environment have no significant changes when compared with the prior financial year, the previous materiality assessment will be adopted for other ESG issues.

Environmental, Social and Governance Report

A. ENVIRONMENT

		2021	2021 (Intensity by square metre) (Note 1)	2020	2020 (Intensity by square metre) (Note 1)	2019	2019 (Intensity by square metre) (Note 1)
Natural gas consumption	cube metre	**3,394,343**	**1.356**	2,909,849	1.182	4,655,906	1.897
Water consumption	cube metre	**3,416,174**	**1.364**	2,918,879	1.185	3,546,195	1.445
Electricity consumption	kWh	**400,688,972**	**160**	359,389,616	146	402,885,754	164
Total greenhouse gas emission	ton CO_2e	**322,366**	**0.129**	288,942	0.117	330,993	0.135
– Direct (Scope 1) greenhouse gas emissions	ton CO_2e	**4,980**	**0.002**	4,269	0.002	6,831	0.003
– Energy indirect (Scope 2) greenhouse gas emissions	ton CO_2e	**317,386**	**0.127**	284,673	0.115	324,162	0.132
Total non-hazardous waste produced	ton	**2,889,078**	**1.154**	2,355,613	0.957	2,679,086	1.092
– Sewage	ton	**2,821,143**	**1.127**	2,292,867	0.931	2,603,666	1.061
– Other non-hazardous wastes	ton	**67,935**	**0.027**	62,746	0.026	75,420	0.031

Notes:

1. Total gross floor area, excluding the Group's managed store, of 2,503,622 square metres (2020: 2,462,556 square metres and 2019: 2,454,435 square metres) is used for computation of intensity by square metres.

2. The statistics above increased as compared with that of 2020, which was primarily attributable to the net effects of the followings:

   (i) Amid the COVID-19 outbreak in 2020, most of the Group's stores shortened their opening hours and/or closed during February and early March, which led to the reduction of the Group's emissions, consumption and waste during the year. In 2021, most of the Group's stores operated normal throughout the year, except for some of the Group's stores at certain cities were temporarily closed in the second half of the year due to the resurgence of the regional outbreaks, including the Group's Nanjing Jiangning Store, stores at Yangzhou, Suzhou and Xi'an, which resulted in an overall increase of the Group's emissions, consumption and waste for the year as compared with those of 2020;

   (ii) Emissions, consumption and waste of the Group's Ma'anshan Store increased due to the increase in the operating area of Ma'anshan Store by approximately 40,870.88 square metres (2020: the operating area of Nanjing Xinjiekou Store increased by approximately 8,121.0 square metres) during the year;

   (iii) In the fourth quarter of 2021, in response to the requirements of national and local governments, the Group further optimised the operation of its air conditioning systems, switched off rear access and non-essential illuminations such as indoor light strips, outdoor floodlights and some of the elevators to save electricity, which saved approximately 6.00 million kWh of electricity for the quarter, represented 1.50% of the Group's total electricity consumption in 2021;

   (iv) In order to enhance both the store's shopping environment and their competitiveness in the local markets, some stores have undergone major store revamp and upgrade, including Ma'anshan Store, Suqian Store, Nantong Lifestyle Centre and Nanjing Golden Eagle World Store, which resulted in an increase in non-hazardous building waste produced during the year; and

   (v) Sewage is mainly generated by catering tenants and has been increased by 8.35% from 2.60 million tonnes in 2019 to 2.82 million tonnes in 2021 while intensity by square metre has been increased by 6.22% from 1.061 tonnes per square metre in 2019 to 1.127 tonnes per square metre in 2021. It is mainly because of the increase in the number of catering tenants as compared to 2019. The Group's operating floor area, excluding managed store, designated to lifestyle functions and amenities, including mostly catering tenants has been increased by 9.69% from 542,721 square metres in 2019 to 595,295 square metres in 2021.

The Group has complied with the following laws and regulations of the PRC to ensure protection of the environment in all material respects during its operations:

(i) Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法)

(ii) Energy Conservation Law of the People's Republic of China (中華人民共和國節約能源法)

(iii) Law of the People's Republic of China on Prevention and Control of Water Pollution (中華人民共和國水污染防治法)

(iv) Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution (中華人民共和國大氣污染防治法)

(v) Law of the People's Republic of China on Prevention and Control of Solid Waste Pollution to the Environment (中華人民共和國固體廢物污染環境防治法)

(vi) Law of the People's Republic of China on Prevention and Control of Noise Pollution to the Environment (中華人民共和國環境噪聲污染防治法)

(vii) Emission Standard of Cooking Fumes of the Catering Industry (GB18483-2001) (飲食業油煙排放標準)

Emission

While creating social and economic value with an aim to minimising the impact of our business on the environment, the Group dedicates our effort to establishing sustainable development and acting as a responsible corporation in discharging our social responsibilities. To achieve these objectives, we strive to take appropriate measures to ensure that correct decisions and executions are made at all levels of our operations. The Group encourages not only its employees to be socially responsible, but also its customers, business partners and construction contractors.

The Group's lifestyle centres and stylish department store chain are located in various provinces and cities of the PRC. The primary sources of greenhouse gas emissions produced by the Group comprise the consumption of electricity, water and natural gas. The major part of electricity consumption comes from air conditioning systems, elevators and escalators, general lightings, and plumbing and drainage systems of the Group's stores and properties. As compared to electricity, water consumption is relatively insignificant, and is mainly for domestic water usage and sanitary facilities. Natural gas consumption is mainly for heating. The discharge of non-hazardous wastes are mainly from construction wastes, sewage, domestic and kitchen wastes. As a vast majority of the Group's construction and renovation work for building and refurbishment of its retail floor space were outsourced to contractors who would be responsible for handling all construction wastes, the Group did not produce any material construction wastes. Nevertheless, the Group strives to reduce the needs for renovation and refurbishment, progressively unifies our interior counter design to minimise construction wastes. The Group also encourages its contractors to adopt environmental-friendly construction processes and to use environmental-friendly building materials (such as adhesives, paints, coatings, etc.) and services. The Group does not produce any hazardous waste in its operations.

The Group focuses on measuring and reporting carbon reduction results, and to promote waste reduction at source. Accordingly, the Group has established an effective waste management approach to ensure compliance with the relevant laws and regulations in relation to waste collection and treatment in order to minimise our impact on the surrounding environment. To strictly complying with the relevant requirements on sewage and waste discharge, the Group obtains pollutant discharge permits issued by the local governments for sewage discharge and appoints government approved professional firms to carry out separation, removal and discharge the floating materials in the sewage pool. The sewage after filtering will then be discharged to the municipal sewage pipelines and the Group's conducts regular check-ups in accordance with the governmental requirements. Domestic wastes are classified, recycled and discharged by government approved professional firms to the government designated combustion plants for incineration and power generation. In order to ensure the effective implementation of the relevant environmental standards, government environmental protection authorities will inspect the Group's waste management regularly and the Group has all along facilitated such inspections.

Kitchen wastes are mainly generated by our catering tenants which are also responsible for its subsequent handlings. The Group provides guidance to our catering tenants to promote reduction of unnecessary kitchen wastes in food preparation and consumption. At the same time, the Group has unified procedures in place to ensure our catering tenants collect and treat of kitchen waste strictly in accordance with the principles and requirements set by the government. As opposed to dumpling, land filling or selling kitchen waste in an illegal manner, we will ensure our catering tenants enter into disposal agreements with the municipal city government departments or designated professional firms with relevant expertise to carry out collection and removal of kitchen waste. These wastes will be transported to the treatment plants operated by the local governments, where engine oil and lubricating oil will be extracted after water removal, and other wastes will be discharged to the incineration plant for incineration, or processed into organic fertiliser.

Sewage is mainly generated by catering tenants. In order to improve drainage efficiency and minimise environmental pollution, all catering tenants are required to install fixed gauze filters at the entrance of the main drainage outlets, to install oil traps and slag filters under the kitchen sinks or kitchen waste collection stations. Those sewage which has reached the "Wastewater Quality Standards for Discharge to Municipal Sewers" (污水排入城鎮下水道水質標準) are eventually discharged into the municipal sewage system for collective treatment.

In 2021, the Group upgraded Suzhou Store's fume exhaust system to improve the efficiency of the fume purifier to over 90%, while the concentration of fume emission reduced to less than 1 mg/cubic metres. The Group plans to upgrade Nanjing Golden Eagle World Store's fume exhaust system in 2022 and will apply the same standard for the Group's future self-operated stores and existing retail stores under renovation. The replacement of obsolete and low-efficiency boilers for the Group's 6 stores were completed in 2019, including Shanghai Store, Nanjing Xinjiekou Store Block A, Nanjing Hanzhong Store, Nanjing Hubin Tiandi Store Zone A, Nanjing Zhujiang Road Store and Anhui Wuhu Store, in which the Group has reduced the nitrogen oxide intensity in the boiler gas emissions to less than 30 mg/cubic metres, reduced the pollutants discharged by 80% and improved the boiler efficiency to above 92%. The annual natural gas consumption of the 6 stores has reduced by approximately 182,000 cubic metres and greenhouse gas emissions reduced by approximately 267 tonnes. In addition, the replacement of the boiler burners for the Group's 4 stores, including Nanjing Golder Eagle World Store, Nanjing Hubin Tiandi Store Zone A, Nanjing Jiangning Store and Anhui Wuhu Store, in which the Group has reduced the nitrogen oxide intensity in the boiler flue gas emissions to less than 50 mg/cubic metres, reduced pollutants discharged by 65% and boiler efficiency maintained at above 92%.

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In addition, the Group implements green development practices by setting up collection points, transfer stations and sorting centres in each store to centralise collection, sorting and storage of the renewable and recyclable resources from the wastes (paper, plastic, metal and glass, etc.) generated by concessionaries and rental tenants, so as to achieve the continuous recycling of materials, to participate in resource conservation solution and to reduce the environmental pollution caused by the discharge of solid wastes. In 2021, the Group recovered a total of approximately 1,357 tons of renewable resources.

Use of Resources

The Group is committed to minimising the overall energy consumption in our daily operations. Through intelligent scientific management and implementing appropriate controls in every part of our operations, we strive to maximise the energy efficiency and minimise the wastage of electricity, water and other resources.

Electricity is mainly consumed by air conditioning systems, vertical transportation systems, lighting systems, refrigeration systems, plumbing and drainage systems, fire ventilation systems, weak power systems and IT facilities within the Group's retail stores/properties. The Group's initiatives on improving the efficiency of energy use and the results achieved in 2021 are as follows:

- ***Energy saving and environmental friendliness of the equipment is an important evaluation criteria in outsourcing and procuring new equipment for the Group. Priority has been given to those energy saving and environmental-friendly products in our general procurement activities of lighting and power equipment. Meanwhile, energy saving and environmental-friendly related requirements are also applied to the entire tendering process***

  The Group has commenced the air conditioning energy-saving enhancement project for most of its stores since 2021. In addition to replacing the obsolete and low-efficiency air conditioning equipment, we have recruited a professional consulting firm to tailor-made a highly energy efficient management system based on our actual operation and the latest technologies such as high-efficiency chiller plant and intelligent group control system. The management system will be evolved through all-time monitoring, data analysis and intelligent learning. Through the use of frequency conversion technology to adjust the running speed, auto-track load condition of each running parts, the system will achieve the highest conversion efficiency and best working state so as to reduce energy wastage and achieve comprehensive energy saving. Through the system's protection mechanisms and early warning system, the equipment will be protected and operated safely which not only extend the service life of the equipment but also reduce the maintenance costs, the risk of system break down, the complexity and time costs of repairs and maintenance and shorten the time of operation suspension.

The Group's air conditioning energy-saving enhancement project for its 8 stores was completed in May 2021, and it is anticipated that approximately 3.0 million kWh of electricity can be saved per year from 2021 onwards. In October 2021, the Group had also commenced its air conditioning energy-saving enhancement project for the remaining 15 stores, which are expected to be completed by the end of April 2022 and can save approximately 3.5 million kWh of electricity per annum from 2022 onwards. Following the completion of the air conditioning energy-saving enhancement project for the aforesaid stores, the average electricity consumption of the main air conditioning system of these stores is expected to reduce by 17.7%, saving as much as approximately 6.5 million kWh of electricity each year, which represented 1.62% of the Group's total electricity consumption in 2021. Based on the operating efficiency of the air conditioning systems, we will proceed to formulate enhancement plans for our remaining stores.

At the same time, by further optimising equipment operation, switching off non-essential lighting such as rear access lighting, indoor light strips with outdoor floodlights during non-holidays, as well as closing some elevators, it is anticipated that we can save 4.5 million kWh of electricity each year, represented 1.12% of the Group's total electricity consumption in 2021.

Since 2020, the Group has carried out energy-saving operation and optimisation management of its electric equipment. The regular maintenance of the electric equipment in switch board rooms improved the compensation power factors and reduced line loss. In 2021, our electricity expenses under power tariff adjustments had reduced by approximately RMB2.54 million, represented 1.0% of the Group's total electricity expenses in 2021.

As a pilot project, the Group engaged an external professional firm to carry out the digitalisation of Nanjing Golden Eagle World Store's electricity monitoring which was completed in the first quarter of 2022. Through the real-time electricity consumption data collection, the Group can not only analyse the electricity consumption data, but also can identify and locate any electricity consumption loopholes and leakages so as to optimise equipment operations. It is estimated that such pilot project will reduce the store's annual electricity consumption by approximately 0.5% to 1.0%.

- ***To substantially reduce electricity consumption, the Group will install variable frequency escalators and LED lighting in existing and future stores and/or office areas to save electricity***

Since 2008, the Group has equipped new/renovated stores with variable frequency escalators and has been gradually installing LED lighting, with higher efficiency, longer service life and lower power consumption, to replace conventional lighting since 2014. In the meantime, all subsequent new/renovated stores and properties will be equipped with variable frequency escalators and LED lighting to save energy. In April 2020, the Group completed the installation of LED lighting for all self-operated stores and properties (except for operating areas self-renovated by concessionaires and rental tenants) and has required all new and existing concessionaires and rental tenants to install LED lighting for their renovations from 2019 onwards. Among the 30 self-operated stores, 5 stores have not yet equipped with variable frequency escalators as they were opened before 2008 and have not undergone major store revamp. The variable frequency escalators in these 5 stores will be installed simultaneously when the stores undergo major store revamp to reduce unnecessary construction wastes. Among these stores, Yangzhou Store will be revamped in 2022.

- ***Photovoltaic power generation to reduce greenhouse gas emissions***

  The Group intends to install photovoltaic panels to generate electricity for those stores that fulfil the installation criteria, including sunlight and property conditions. Among the 30 self-operated stores, 13 stores are determined to be eligible for installation and Nanjing Golden Eagle World Store has been selected as the pilot store for installation of such panels in the first quarter of 2022 and expected to commence trial run in the second quarter. In 2022, 2 stores (namely, Nanjing Golden Eagle World Store and Nanjing Hubin Tiandi Store) are scheduled to complete the installation and is estimated to generate approximately 0.90 million kWh of electricity each year. In 2023, 4 more stores (namely, Danyang Store, Yangzhou New City Centre, Yancheng Outlet Store and Suqian Store) are scheduled to complete the installation and is estimated to generate approximately 3.00 million kWh of electricity each year. In 2024, the remaining 7 stores (namely, Yangzhou Store, Yancheng Store, Yancheng Julonghu Store, Huai'an Store, Suzhou Store, Ma'anshan Store and Anhui Wuhu Store) are scheduled to complete the installation and is estimated to generate approximately 1.48 million kWh of electricity each year. After the installation of photovoltaic panels for all 13 stores completed by 2024, it is estimated that an aggregate of approximately 5.38 million kWh of electricity will be generated each year, represented 1.34% of the Group's total electricity consumption in 2021.

  Meanwhile, subject to sunlight and property conditions, the Group also aims to install photovoltaic panels in its future self-operated stores. Kunshan Store Phase 2 and Nantong Golden Eagle World Store, which are expected to commence operation in 2022 and 2023 respectively, have already taken into account the need for installation of photovoltaic panels at design phase and are estimated to generate approximately 0.60 million kWh and 1.65 million kWh of electricity each year respectively upon their operation. Meanwhile, Changzhou Store, Yangzhou New City Centre Phase 2 and Changchun Store, which will commence operation in subsequent years, have also taken into account the need for installation of photovoltaic panels during design phase and are estimated to generate approximately 1.55 million kWh of electricity each year upon their operation.

  Upon the completion of photovoltaic panels installation at all of the above stores, it is estimated that approximately 9.18 million kWh of electricity will be generated each year, represented 2.29% of the Group's total electricity consumption in 2021.

- ***Energy saving or technical measures for other conventional equipment***

  To improve the operation efficiency of the chiller mainframe, all stores will clean the chiller mainframe cannons annually, which is estimated to be capable of saving an average of approximately 0.54 million kWh of electricity every year.

  To improve the operating efficiency of the cooling towers, the Group's 10 stores, including Nanjing Xinjiekou Store Block B, Nanjing Hanzhong Store, Kunshan Store and Nanjing Jiangning Store, will replace their cooling tower fillings regularly, which is estimated to be capable of saving an average of approximately 0.1 million kWh of electricity every year.

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From 2020 onwards, when designing food and beverage tenants' cooking fumes exhaust system in the kitchen, a supplemental exhaust system will also be installed with 80% to 90% capacity of the cooking fumes exhaust system, which will effectively reduce the chill/heat air loss and reduce the electricity consumption of the air conditioning system.

Water consumption mainly comes from sanitary facilities for our customers and staff as well as the air-conditioning cooling tower water loop system and water for landscaping, greening and cleaning. Those water efficiency enhancement initiatives adopted by the Group in 2021 and their results are as follows:

- ***Installation of water faucet sensors and Grade-1 sanitary ware***

  Since 2006, the Group has installed sensors for water faucet in its new/renovated stores and office areas, and adopted Grade-1 sanitary ware (which is the most water-efficient class) in its new/renovated stores and office areas since 2008 to conserve water. Since 2012, the Group has completed the installation of water faucet sensors in all self-operated stores and properties. Among the 30 self-operated stores, 15 stores have fully adopted Grade-1 sanitary ware, which can save 20% of the water as compared to standard sanitary ware. The remaining 15 stores will also gradually adopt Grade-1 sanitary ware upon replacement or undergo major renovation. In addition, reasonable adjustments will be made to the water faucet valves in these stores in order to reduce water wastage due to excessive pressure in 2022. It is estimated that 5,300 cubic meters of water can be saved every year upon the completion of the adjustment in 2022, represented 0.16% of the Group's total water consumption in 2021.

- ***Rainwater recycling***

  During the period from 2011 to 2018, rainwater collection facilities has been installed in the Group's 5 stores, namely Nanjing Jiangning Store, Suzhou Store, Nanjing Hubin Tiandi Store, Xuzhou Store and Nanjing Golden Eagle World Store. The rainwater collected is mainly used for greening and cleaning purposes. It is estimated that approximately 4,600 cubic metres of water can be saved each year, represented 0.13% of the Group's total water consumption in 2021.

  Moreover, depending on the property conditions, the Group will endeavour to install rainwater collection facilities in both of its self-owned and leased stores in the future. During the design phase of Kunshan Store Phase 2 and Nantong Golden Eagle World Store, which are expected to commence operation in 2022 and 2023, respectively, the construction of rainwater collection facilities has been part of their blueprints, and the said stores are expected to collect approximately 1,864 and 5,409 cubic metres of rainwater every year upon their operation respectively. Further, the Group has also considered the construction of rainwater collection facilities in Changzhou Store and Yangzhou New City Centre Phase 2, which will commence operation in subsequent years, during the design phase, and these 2 stores are expected to collect approximately 2,000 and 5,000 cubic metres of rainwater every year upon their operation, respectively. Upon completion of the construction of the above rainwater collection facilities, it is expected that approximately 18,873 cubic metres of rainwater will be collected every year, represented 0.55% of the Group's total water consumption in 2021.

In addition, Kunshan Store, as a pilot store, will implement steam condensate collection scheme in 2022, where the condensate water generated by the heating system will be collected, recycled and mainly used for the cleaning of garbage rooms. It is estimated that 200 cubic metres of water can be collected every year. Meanwhile, the Group has also planned to conduct a pilot program for the collection of air-conditioning condensate water this summer. If such pilot program is successful, it can be implemented in other stores and projects to save our water resources.

- ***To avoid wastage of water resources***

  In order to avoid wastage of water resources and enhance water efficiency, the Group's water supply and drainage system was operated and managed in accordance with the requirements of water balance testing to reduce leakage and water supply pipeline loss rate. The Group performed regular inspection and maintenance of the underground water supply pipelines; and focused inspection and maintenance of the water valves, water conservators, faucets and sewer elbows in the stores and properties in order to reduce and control water dripping and leakage.

Environment and natural resources

The Group supports environmental protection and carries out the greening of our operating environment. The Group also constantly assesses its measures taken to minimise the impact of our business operation on the surrounding environment so that appropriate improvement actions could be taken promptly. These measures include the extensive use of paperless OA system, the use of energy-efficient lighting, the reduction of paper usage, switching off of idle lightings, air-conditioning, computer and electrical appliances and other facilities and equipment to save energy. The Group is also committed to promoting the use of recycled paper, where feasible, and the use of biodegradable shopping bags in all stores and supermarkets.

Appropriate actions are taken to manage the impacts of the Group's operations on the environment and natural resources. We actively promote environmental protection and emphasise green operation and green office. Policies and measures on optimising operation and office environment are implemented to enhance energy conservation and emission reduction management. Relevant policies and measures taken in 2021 are as follows:

- Using paperless system and applications. The Group continued to extensively use the paperless OA system and actively advocated the use of Golden Eagle mobile application and WeChat Work application so as to optimise and streamline office procedures, reduce paper usage and promote a paperless office operation as far as is practicable.

- Setting up office supplies sharing zones where employees can share, access and reuse such supplies. We implement double-sided printing/photocopying, set energy-saving mode for printers/photocopiers, rationally select black and white/colour printing, as well as recycle and reuse toner cartridges, waste paper, used envelopes, document paper bags, binder clips and paper clips; meanwhile, we adjust printer settings to reduce the consumption of consumables and adopt centralised collection and disposal of used consumables to minimise environmental pollution resulting from improper waste disposal.

- Using biodegradable bags to replace paper bags or non-woven bags. To advocate environmental responsibility, the Group provides customers with biodegradable bags and are strictly in compliance with the "General Technical Requirements for Environmental Protection, Safety and Labelling of Plastic Shopping Bags" (塑料購物袋的環保、安全和標識通用技術要求) and the "Notice on Restrictions on the Production, Sale and Use of Plastic Shopping Bags" (關於限制生產銷售使用塑料購物袋的通知) issued by the PRC government. Reduction on these consumption was achieved by charging customers for the bags, and provided a reasonable number of bags for use after stringent review on usage requirement. Furthermore, the Group encourages its business partners to adopt effective measures to reduce the usage of plastics and disposable items.

- Making full use of modern information technologies such as Internet and cloud computing in marketing promotions and provision of customer services to improve operational efficiency. The Group actively responds to the government call to implement green services, applies various electronic cash collection methods such as bank cards, prepaid cards, WeChat/Alipay and provides electronic invoices to its business partners and consumers so as to reduce paper usage and achieve convenient record keeping, which further enhance effective reconciliation and consumption experience, and save social resources.

- The Group encourages our business partners to reduce the use of packaging materials and increase the use of recyclable packaging materials.

- The Group strives to reduce the needs for renovation and refurbishment, progressively unifies our interior counter design to minimise construction wastes. The Group also encourages its contractors to adopt environmental-friendly construction processes and to use environmental-friendly building materials (such as adhesives, paints, coatings, etc.) and services.

With the above environmental protection measures, the Group has set a target that, under normal operation (excluding newly opened stores and additional floor areas), based on the statistics for the financial year 2018, reduce total carbon emissions, total electricity consumption and total water consumption by 4.28%, 4.25% and 0.27%, respectively by the financial year 2025, so as to minimise the negative impact on the environment caused by our business. Looking ahead, the Group will keep abreast of the market trends and optimise and consolidate various measures for energy conservation and emission reduction with the assistance of external experts.

Green Shopping Malls

Green shopping malls (National Standard GBT38849-2020) are commercial enterprises or places which uphold the business philosophy of environmental protection, health and safety and provide green services which integrate supply chain upstream and downstream resources, guide green consumption, implement measures such as energy saving, emission reduction and resource recycling and participate in environmental social welfare. Through the introduction of green shopping malls to promote simple and moderate living concept and green and low-carbon lifestyle to the society in general.

Requirements:	Large scale shopping malls with gross floor area of over 100,000 square metres. Nevertheless, shopping malls or other retail formats with gross floor area of less than 100,000 square metres are also encouraged to participate.
Content requirements:	To establish a green management system, promote the application of energy-saving facilities and equipment, enhance the green supply chain, carry out green services and promotions, advocate the concept of green consumption, and carry out green recycling.

The Group has also been actively participating in the development of green shopping malls and has been applying green mall certification progressively for its stores since 2017. As at the date of this annual report, among all of the Group's retail stores, 8 stores were certified as national-level green shopping malls and 4 stores were certified as provincial-level green shopping malls. In particular, Nanjing Golden Eagle World Store was certified the national-level green shopping mall with total score of 100%. In the coming years, the Group will continue to upgrade the remaining self-operated stores to meet the accreditation standards and strive to achieve full green shopping malls in the future.

We strive to offer a seamless, diversified, caring, equally accessible, convenient and safe shopping environment for those with special needs. We have put in place different caring initiatives to provide suitable facilities, such as nursery room and barrier-free facilities, at our chain stores in accordance with its properties conditions. These caring facilities include 42 nursery rooms, 25 children washrooms, 36 children play zones, 12 stores with baby cart lending services, 92 barrier-free access facilities, 10 stores with wheelchair lending services, 37 in-store first-aid kits and 6 rooftop gardens across its store chain.

Green buildings

The current green building certification in China is accredited based on the "Green Building Evaluation Standard" (綠色建築評價標準) (GB/T 50378-2019), which was issued in 2006 and amended in 2019, and is mainly used to evaluate residential and office buildings, as well as public buildings such as shopping malls and hotels. The aim is to maximise energy, land, material and water savings while to ensure the quality of the building's indoor environment, construction and operational management throughout the life cycle of the building. Building will be accredited from one to three-star, with three-star certification being the highest level. The Green Building Certification is further classified into "Design Label" and "Operational Label". Among them, the Green Building Design Label is accredited to buildings in the planning, design and construction stage; while Green Building Operation Label is accredited based on the previous Design Label accreditation and upon examining and evaluating the building on a more comprehensive and long-term basis after the construction has been completed and in operation. With the amendments of the evaluation standard in 2019, green building is required to undergo a "pre-evaluation" after the construction drawing of the building has been completed and an "evaluation" after the construction has been completed in order to accredit the Green Building Label.

The Group is also actively participating in the development of green buildings, with Yangzhou New City Centre and Xuzhou Store Phase 2 currently in operation having been accredited the 1-star and 2-star Green Building Design Label, respectively. The upcoming leased stores under construction, Kunshan Store Phase 2, Nantong Golden Eagle World Store and Changzhou Store, have also been accredited the 2-star Green Building Design Label, resulting in a total of 636,000 square metres of the existing/upcoming gross floor area with Green Building Label accreditation. In addition, the landlord of the Group's Nanjing Golden Eagle World Store has initiated the application of 2-star Green Building Operation Label and is expected to obtain the accreditation in July 2022. Meanwhile, the Group will also conduct an extensive review of all existing stores to carry out green renovation and application for the Green Operation Label.

At present, Golden Eagle has developed a comprehensive low-carbon green building system using (i) passive technologies such as external wall insulation and glass reflective film to reduce building energy consumption, (ii) proactive technologies such as high-efficiency chiller plant and smart energy management to improve machinery efficiency and (iii) renewable energy technology such as photovoltaic power generation to reduce traditional fossil fuel electricity consumption and reduce carbon emissions. Golden Eagle uses a variety of low-carbon energy-saving technologies to achieve energy saving and emission reduction in its existing and new stores to reduce operating costs, improve investment returns and achieve effective management of "carbon assets" so as to protect the environment. All new projects will be accredited at least 2-star of Green Building label.

To name a few green renovations in our existing stores, including the upgrade of Nanjing Xinjiekou Store's high-efficiency chiller plant with 35% energy saving rate for the air-conditioning system; the application of photovoltaic power generation in Yangzhou New City Centre and the upgrade of Yangzhou Store's high-efficiency chiller plant which can save 946,000 kWh of electricity and reduce carbon emissions by 749 tonnes every year. The new landmark project, Nantong Golden Eagle World Store, is designed and constructed in accordance with the LEED Gold, 2-star Green Building and Ultra Low Energy Building standards through the application of latest technologies such as building envelope improvement, photovoltaic power generation, high-efficiency chiller plant and smart equipment management to achieve the target of carbon neutrality.

Climate Change

Climate change is a global challenge that profoundly affects not just the environment, but our fundamental socio-economic systems. Climate change effects such as global temperature rise, extreme weather event, flooding, drought, and rising sea level could put infrastructure at risk, disrupt agriculture yields and even endanger lives. The Group recognises that companies must take steps mitigate and implement measures to manage physical and transition risks. The Group is accelerating its climate action by adapting its management approach to be more resilient in the face of climate risk, as well as leveraging its network of business partners to advocate for better sustainability performance.

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With the Central Government's target of carbon neutrality by 2060, there will be significant changes in energy supply pattern and the emergence of climate policies at the regional or national level. The transition to a low-carbon economy will also lead to an increase in the cost of carbon emissions; with energy consumption as the main source of our emissions, our carbon emission costs will be closely linked to the effectiveness of our energy management initiatives. In addition to transition risks, the change in climate pattern also increases the likelihood of extreme weather. Acute physical risks could damage our assets and increase maintenance costs, adversely affect our customers and employee's safety, and lead to business disruptions.

With these risks in mind, we have adopted measures to reduce energy consumption and related carbon emissions across all operations and have taken climate change risk into account in our risk assessment and management, identify potential impact of extreme weather such as rainstorm, typhoon and flood on the Group's operation. For various possible effects of such events, special typhoon and flood emergency teams have been established and contingency plans have also been formulated in advance to prevent extreme weather from disrupting and affecting our operation and employees' lives.

The Group's Property Operation Department is responsible for issuing weather warning and prevention requirements, and formulating clear instructions and procedures on the preparation of flood control materials, safety inspections during flood seasons and emergency flood control drills, setting performance evaluation criteria and assigning personnel to supervise and rectify incomplete procedures and procedural defects. Our Safety Supervision Centre shall conduct special inspections before flood seasons and formulate flood control materials allocation standards. Each store shall formulate its own management policies based on local climate and specific nature of the stores. For example, Nanjing Golden Eagle World has formulated the "Golden Eagle World Flood Control Emergency Plan" (金鷹世界防汛應急預案). A special flood prevention team and an emergency rescue team are formed with emergency supplies such as sandbags, water flaps, pumps and raincoats prepared ahead of flood season, personnel and vehicle evacuation drills are conducted regularly, local weather are reported daily and night-shift staff were assigned to monitor early severe weather warning alert during rainy season to seamlessly monitor and control extreme weather.

B. SOCIAL

Employment and Labour Practices

Employment

The Group adheres to the following labor laws in the PRC in its daily operations:

(i) Labor Law of the People's Republic of China (中華人民共和國勞動法)

(ii) Labor Contract Law of the People's Republic of China (中華人民共和國勞動合同法)

(iii) Production Safety Law of the People's Republic of China (中華人民共和國安全生產法)

(iv) Law of the People's Republic of China on the Protection of Minors (中華人民共和國未成年人保護法)

(v) Provisions on the Prohibition of Using Child Labor (禁止使用童工規定)

As at 31 December 2021, we had 2,133 employees (2020: 2,210 employees) under full-time labour contracts in the operation of lifestyle centres and stylish department store chains in the PRC.

As an employer embracing equal opportunities, the Group's employment policy aims to provide a working environment without discrimination on the basis of race, gender, religion, age, etc., and establish a sound and quality work environment to attract talents. All applicants (including internally promoted staff) are entitled to enjoy equal opportunities and fairness.

In order to attract and retain outstanding talents, the Group has a comprehensive performance appraisal management system and regularly communicates with employees to ensure its system's transparency and fairness. Through the assessment of employees' job performance, we employ and promote those employees with common values and professional ethics, and recognise employees who are self-motivated, responsible and with integrity in order to ensure the continued enhancement of the Group's business. In addition, the Group also invites employees to fill in questionnaires at regular intervals to collect feedbacks on the Group's policies and measures such as employment policies and employees' development and trainings system.

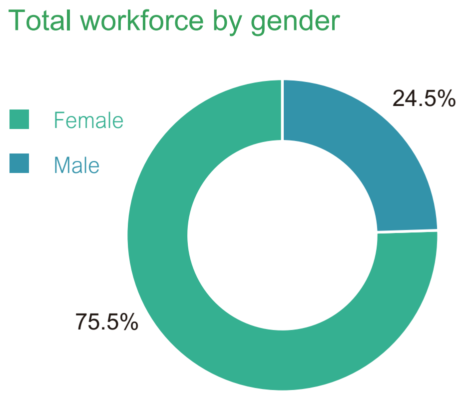
Employees' remuneration packages are reviewed regularly by the Group. The evaluation makes reference to the labour market and the level of salaries and benefits in the same industry and takes into account of employees' performance and experience to ensure that competitive remuneration packages are being offered so as to motivate continuous improvement and contribution to the Group. For employee dismissal policy, the Group follows the local regulations as stipulated by the government.

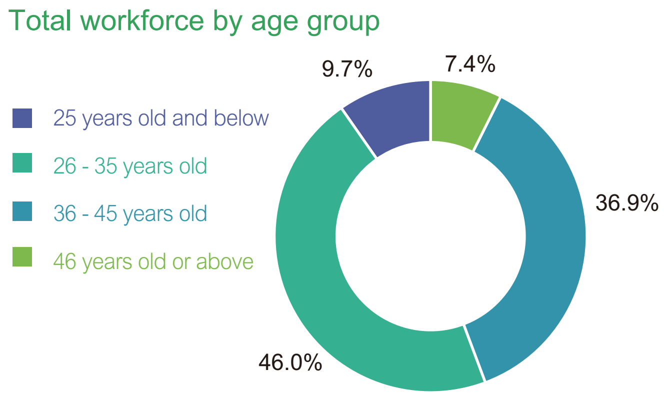
The policy on working hours, rest days, other benefits and welfare of the Group is in line with the requirements of the local government and industry practices. In addition to paid annual leave, we also offer employees other types of leaves, including paid sick leave for work-related injury and illness, marriage leave, maternity leave, nursing leave and parental leave, etc..

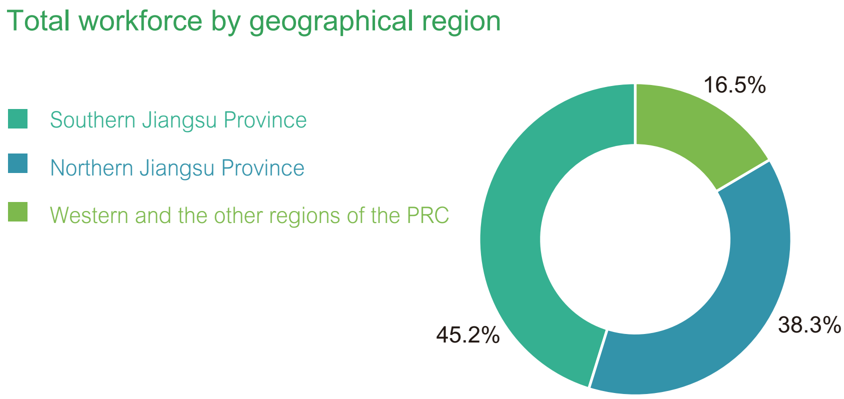
All of the employees have entered into labour contracts with the Group setting out the major terms of employment including but not limited to period, remuneration, welfare, working hours, rest days and dismissal.

Environmental, Social and Governance Report

Employees' distribution by gender, age group and geographical region in the financial year 2021 is shown in the following charts:







Furthermore, the Group takes active steps and initiatives to maintain a harmonious labour relationship. We work with labour unions to organise a wide range of leisure and cultural activities to express our care to our employees and promote healthy lifestyle and strengthen their sense of belonging to and unity with, the Group. During the year, various cultural, recreational and sports activities such as "Office Party", birthday parties for employees, sports clubs and various outdoor activities have been organised.

In the financial year 2021, there was no material non-compliance with the applicable labour-related laws and/or regulations.

Health and Safety

The Group always strives to provide and maintain a safe and healthy environment in its buildings for all customers, employees, and business partners. The Group provides comprehensive insurance coverage on, inter alia, work injury and employer liability and annual health check to its employees. We conduct regular inspection of premises, provide training and education to our employees on disaster prevention, fire drills, occupational safety education, as well as first aid training to enhance employees' knowledge and skills to prevent and handle accidents.

- Maintaining proper lightings and ventilation systems and a tidy working environment in stores and offices areas, and providing sufficient working space in the offices.
- Smoking is prohibited in stores and offices areas.
- Conducting regular inspection on the Group's premises.
- Following government guidelines relating to severe weather warnings such as rainstorm, typhoon and flood.

At the same time, the Group requires its employees to share the responsibility in the formulating, implementing and monitoring of safety and health policies. Their responsibilities include:

- Discovering, reporting and avoiding hazards at workplace in relation to health and safety and having the responsibility to report such hazards immediately to supervisors or the security department.
- Investigating any accidents or hazards to prevent them from happening or re-occurrence.
- Working together with the Group in implementing and adopting work safety methods and procedures.

Environmental, Social and Governance Report

In the financial year 2021, against the backdrop of resurgence of COVID-19 pandemic, the Group has been committed to providing and maintaining a safe and healthy shopping and working environment for all customers, employees and business partners in the property portfolio during the pandemic prevention and control period in accordance with the relevant government requirements on pandemic prevention and control and the actual operation situation of the respective locations. The relevant policies and measures are set out below:

- Through the establishment of a pandemic prevention and control system and in accordance with the information and requirements on pandemic prevention and control issued by the government, the Group continuously formulated, adjusted and implemented corresponding emergency plans and protective measures.

- Assigning special personnel to procure pandemic protective equipment and items regularly, including masks, hand sanitisers, alcohol, disinfectants, etc., to ensure sufficient supply of materials for pandemic prevention and control.

- Arranging special personnel for frequent disinfection of store and office areas and division of staff canteen dining areas, and adopted pandemic prevention and control measures such as division of dining table by segregated partitions, dining in different time slots and separated areas for dining to reduce crowds gathering.

- Arranging special personnel to conduct body temperature screening on personnel entering and leaving the stores, and required relevant personnel to wear protective masks. Disinfection stations were set up at customer service centre and main entrances and exits of the stores in order to provide alcohol disinfection services to customers. At the same time, special garbage bins for disinfection were prepared for disposal of used masks for centralised collection to avoid further contamination.

- Arranging professional cleaning staff to disinfect the store facilities (including but not limited to passageway handles, elevator cars and buttons, escalator handles, customer service centres, public garbage bins and shopping carts, etc.) and the washrooms and thoroughly disinfect the store premises on a weekly basis as scheduled.

- The on-and-off of air-conditioning and fresh air system and ventilation work during the pandemic prevention and control period has strictly complied with the relevant government requirements on pandemic prevention and control. Professional air-conditioning cleaning companies were engaged to thoroughly clean the air-conditioning systems and pipes in the store premises, and professional institutions were recruited to monitor the results to ensure that the hygiene of the air-conditioning systems meets the relevant government requirements.

During the reporting period and the past three years, the Group has not received any reports on work-related fatalities. Meanwhile, in the financial year 2021, the number of loss of working days due to work-related injuries was 121 days, accounted for 0.02% of the normal work days.

Development and Training

The Group regards employees as valuable assets and their development helps driving the growth of the Group. Confronted by the changes in the retail industry, employee development and training has become more important than ever. In pursuing our business objectives and providing protection to the general rights and interests of our employees, the Group aims to put in place a suitable platform that supports the Group and employee development and training through performance evaluation, two-way communications and questionnaires on training needs. The employee development and training policies adopted by the Group include:

- Providing new comers with comprehensive orientation program to assist new comers familiar with the Group, understand and familiar with the Group's values and objectives and that understand their roles in the Group.

- Providing employees with regular and ad-hoc internal job-related training and development workshops; offering employees with internal forums and seminars on the Group's business operations or recruiting external instructors to provide professional training to specific perspective employees. Of which, four ESG training sessions were held for board members and senior management in 2021. The sessions covered the latest ESG developments and trends, new green finance strategies, and relevant climate-related issues, equipping the leadership with the necessary knowledge to drive the Group's sustainable strategy forward.

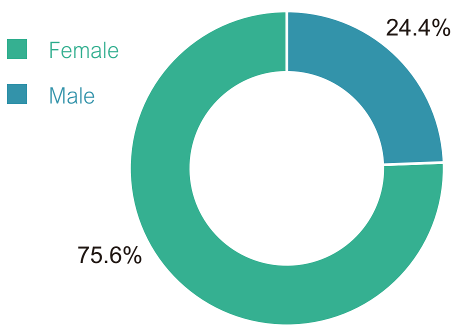
- Providing online e-learning sessions by the Group to enhance employees' professional skills in performing their roles.

- Conducting post training evaluations to assess the effectiveness of these training programs.

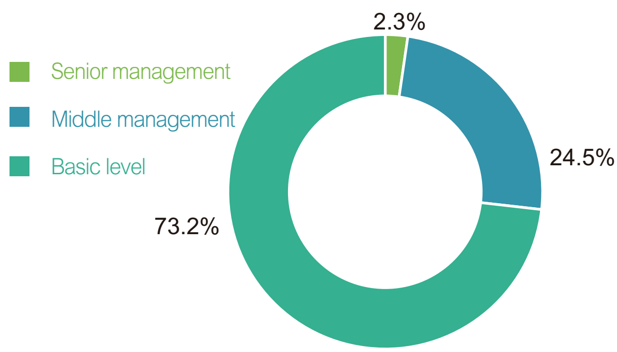
The Group values the establishment of its talent echelon system and encourages young people with potential to grow. In 2021, through intensive trainings, senior management coaching and performance evaluation in stages to nurture various management trainees recruited internally and externally to become the foundation of our team. The Group has also established an internal promotion mechanism to achieve upward mobility of internal talents, to provide more development opportunities and motivate them in their new position. In addition, to further enhance our employees' professional skills, we also organise various internal seminars and sharing sessions on know-hows for store management, merchandising, merchandising adjustments and relevant laws and regulations.

In the financial year 2021, the proportion of employees who received trainings in the Group was 95.9%, and the total training hours for the year were 37,434 hours. The average training hours was 18.3 hours per employees.

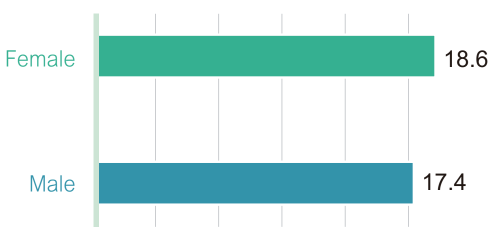
Trainees by gender



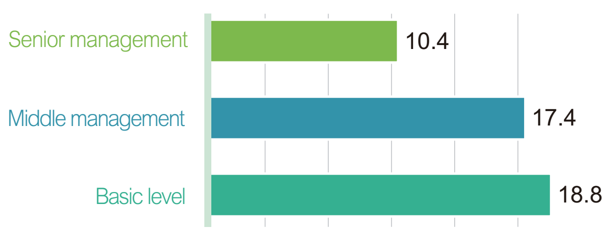
Trainees by category of position



Average training hours by gender

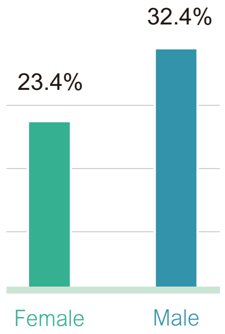


Average training hours by position

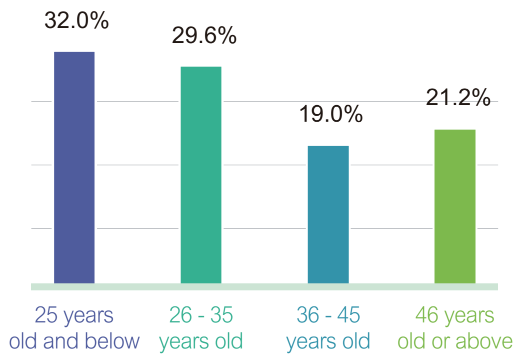


In the financial year 2021, the employee turnover rate was 25.5% and the employee turnover rate by gender, age and geographical region is shown in the following charts. The Group closely monitor our turnover rate and invite leaving employees to complete exit surveys to gather insights and implement retention measures to mitigate talent attrition.

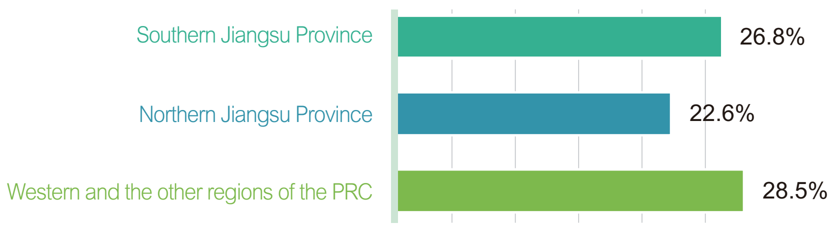
Turnover rate by gender



Turnover rate by age group



Turnover rate by geographical region



Labour Standards

The Group is committed to strictly complying with the relevant local labour and employment laws and regulations, and ensure that the labour contracts with employees are entered into on a lawful, fair, equal, voluntary, mutually agreed and good faith basis. The Group adopts employment policy and procedures which prohibit child labour and forced labour. The same requirements also apply to the Group's concessionaires and rental tenants. We strive to perform continuous review and improvement on the recruitment practices to prevent child labour and forced labour.

The relevant policies adopted by the Group are:

- Strictly prohibiting any departments to request and/or employ any persons who is below 16 years old for any reason. The Human Resources Department is responsible for the review of the age of the applicants during recruitment to ensure that no minors under the age of 16 are employed.

- All employment must be on a voluntary basis and we do not allow any forced labour, or using any form of deception to allure employee to join the Group.

We were not aware of any child labour or forced labour incidents in the financial year 2021. The Group believes that it is not exposed to any material risk of having child or forced labour in our business operation. We are committed to taking immediate measures to eliminate any non-compliance in respect of child and forced labour.

C. OPERATING PRACTICES

The Group strictly complies with the following product responsibility laws in the PRC in its daily operations:

(i) Product Quality Law of the People's Republic of China (中華人民共和國產品質量法)

(ii) Standardisation Law of the People's Republic of China (中華人民共和國標準化法)

(iii) Law of the People's Republic of China on the Protection of Consumers Rights and Interests (中華人民共和國消費者權益保護法)

(iv) Advertising Law of the People's Republic of China (中華人民共和國廣告法)

(v) Trademark Law of the People's Republic of China (中華人民共和國商標法)

(vi) Civil Code of the People's Republic of China Book Seven: Tort Liability (中華人民共和國民法典之第七編：侵權責任)

(vii) Data Security Law of the People's Republic of China (中華人民共和國數據安全法)

(viii) Personal Information Protection Law of the People's Republic of China (中華人民共和國個人信息保護法)

Supply Chain Management

In accordance with our operating practices and the formation of different segments along our supply chain management model, our retail stores sell merchandises through concessionaires, direct purchases and various co-operation or leasing arrangements, and provide a diversified lifestyle functions and amenities through mostly leasing arrangements. Through seamless cooperation with various brands, suppliers and rental tenants, and highly efficient information technology networks, the Group is able to work smoothly along the supply chain which optimises the resources allocation to deliver high-quality products and services to our customers. The Group strives to share our commitments and beliefs in environmental and social aspects with our business partners. During the pandemic period, in response to the outbreak and resurgence of the pandemic, 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 concessionaires 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.

The Group also encourages our business partners to pay attention to and control environmental and social risks that may be related to supply chain management and embrace high standards of corporate responsibilities which are similar to those of ours. In 2021, the Group co-operated with various brands and institutions to carry out a series of green environmental conservation activities, such as empty bottle recycling, green charity run, environmental conservation class and other activities. In June 2021, a special event "Green Life" (綠動生活) was organised by the Group with 10 renown cosmetic brands to collect recyclable cosmetic bottles. The event drew over 30,000 participants, and collected over 200,000 green carbon points and organised over 200 environmental protection and green public welfare classes. The Group, together with its business partners and customers, strives to fulfill its commitment to sustainable development with fun and low-carbon lifestyle.

Environmental, Social and Governance Report

The Group has established sound management systems for managing its business operations with its brands, suppliers and rental tenants. We assess and select our brands, suppliers and rental tenants not only based on the quality, cost, delivery and services, but also rigorously review the qualification in our selection process, including the business license, trademark registration and authorisation etc., as well as their ethical, environmental, and health and safety initiatives, and enter into contracts only with those which have obtained all requisite approvals and met the Group's requirements for business collaboration. In the process of collaboration, we adopt various management procedures to standardise the supply chain to ensure that our brands, suppliers and rental tenants are in compliance with relevant national laws and regulations. The supply chain management policy and practices adopted by the Group include the following:

- We seek to cooperate in a fair, honest and responsible manner with brands, suppliers and rental tenants which share our business philosophy.

- We attach great importance to the sustainable development of the supply chain, and convey the concept and requirements of sustainable development to brands, suppliers and rental tenants through various channels such as the establishment of environmental and social risk related management and evaluation systems to encourage their overall development in terms of sustainable development and social responsibilities.

- We stipulate our minimum environmental and social requirements in our contracts with our brands, suppliers and rental tenants, including in compliance with relevant rules and regulations, ensuring workplace health and safety, protecting employees against discrimination, promoting employee rights, taking precautions to prevent child and forced labour, as well as fair remuneration policies.

- Brands, suppliers and rental tenants are contractually obliged to ensure that the products they offer are non-toxic and meet relevant government and industry requirements and standards.

- Brands, suppliers and rental tenants are required to sign the "Sunshine Agreement" (陽光協議) to build a frank, honest, trustful and cooperative relationship together.

As at 31 December 2021, the Group had 5,366 brands, suppliers and rental tenants in operation, all located in the PRC.

Product Responsibility

The Group believes that our sustainability and reputation are built on our high-quality products and services. Our operation team is committed to providing safe and high-quality products and services to our customers, and addressing customer complaints with utmost attention.

Moreover, the Group believes that product safety is the key to our success. We strictly follow the industry standards and government regulations relevant to our products and services. We provide trainings to employees to enhance their consciousness of product safety in order to prevent any counterfeits and sub-standard merchandises being sold at our stores and to protect the rights and interests of our consumers.

Pursuant to the terms and conditions of a general supply contract with the Group's business partners, the supplier is required to warrant that the products are in compliance with the applicable laws and regulations of the PRC including but not limited to the "Product Quality Law of the People's Republic of China" (中華人民共和國產品質量法) on the quality of the products, the "Standardisation Law of the People's Republic of China" (中華人民共和國標準化法) on the standardisation of the products, the "Law of the People's Republic of China on the Protection of Consumers Rights and Interests" (中華人民共和國消費者權益保護法) on consumer rights and interests and the "Advertising Law of the People's Republic of China" (中華人民共和國廣告法) on advertising of products. The Group is entitled to return the defective products to the suppliers within a specified period depending on the nature of the products. In addition, after the products are sold, the customers are generally allowed to return any defective products for exchange within ten days.

The product safety policies adopted by the Group are as follow:

- For those products other than food products, the Group has strengthened the quality checks on products provided by our brands, suppliers and business partners to ensure that these products meet the relevant safety standards and requirements. Based on the natures of product, special attention is placed on the compliance with those regulations and requirements related to baby and children products, toys and customer safety to ensure that our products are sold in full compliance with the relevant mandatory regulations and requirements of the PRC.

- For food products, the Group assumes the primary responsibility for food safety in accordance with the relevant provisions of the "Food Safety Law of the People's Republic of China" (中華人民共和國食品安全法). We also set and implement policies and procedures such as "Product Quality Inspection and Acceptance Standard", "Product Quality Control Procedure", "Request for Supplier Qualification and Delivery Invoice and Special Arrangement for Imported Food Products Management Policy" and "On-site Emergency Plan for Food Safety Incidents in Stores" to ensure our food products are safe. In the quality acceptance process, especially for food products, we strictly carry out all-round acceptance inspections such as shelf-life inspection, temperature inspection, packaging and hygiene inspection, and label inspection.

- A complete response mechanism is in place to handle product recalls timely and smoothly. Quality assurance personnel are responsible for the assessment, removal and notification of sub-standard products; quality safety management personnel are responsible for the feedback and follow up of sub-standard products. During the financial year 2021, the Group has no products that needed to be recalled due to safety and health reasons.

Environmental, Social and Governance Report

In the financial year 2021, against the backdrop of resurgence of COVID-19 pandemic, the Group has been committed to ensure the sufficient and constant supply of daily necessity during the pandemic prevention and control period in accordance with the relevant government requirements and the actual operation situation of the respective locations. The relevant policies and measures are set out below:

- During this critical period, the Group's supermarkets, G·Mart, remained open, and endeavored to coordinate the sufficient supply of goods, guarantee the daily necessity of residents through multiple on-line and off-line channels, including Golden Eagle Lifestyle Online Platform, to provides 24-hour services. We launched fast processing channel for products purchase, shipment and put on shelves in speedy manner to meet consumption needs to the greatest extent so as to build a safe and reassuring "haven" for the public with the most stringent preventive and control measures, strong psychological support and sufficient material preparations.

- In order to properly manage the food safety during the pandemic prevention and control period, the Group's stores strictly conducted the disinfection and cleaning work, fully facilitated the supervision authorities for food safety inspection. Focusing on the inspection of import inspection and quarantine certificate (sanitary inspection report), customs declaration form, nucleic acid report and disinfection report of imported cold chain food, fruits and other imported foods, and the conduct of nucleic acid testing for the relevant employees.

Customer Services

Our mission is to satisfy the needs of our customers and to provide them with a world-class shopping experience. We respect, listen and take into serious consideration all the views, complaints and suggestions from our customers. We actively work to improve our dialogue with our customers to better understand their needs and expectations. We value our customers' experience and demands and constantly improve our customer relationship through continuous communication and interaction with customers. In addition, we maintain keen insight into market development trends and provide new experience and better services in line with customers' lifestyle to improve customer satisfaction.

In the financial year 2021, our customer services extended to before and after the sales. Customers can provide their complaints or suggestions for improvement on our products or services through various channels such as the customer service centre, customer service hotline and Golden Eagle Lifestyle online customer service. The Customer Service Department will promptly respond to customer complaints and suggestions, proactively address the relevant issues and make regular follow up calls to form a closed-loop management mechanism. Common customer issues will be redirected to the relevant departments for continuous improvement to reflect the Group's business philosophy of providing customer-oriented services. Product knowledge and service skill trainings are also part of our routine training programs to ensure that our employees can provide the best service to our customers. During the financial year 2021, consistent with the industry norm, the Group received a total of 14,993 customer complaints and suggestions, 100% of which has been answered and the resolution rate was over 99.9%. At the same time, during the pandemic prevention and control period, the Customer Service Department also overcame various difficulties to ensure that relevant customers' complaints relating to return and exchange of products and maintenance are properly handled.

The Group recognises that brand equity is critical to our success. We actively allocate resources to maintain and protect the intellectual property rights of our brands.

- We value intellectual property rights and determine intellectual property rights as an indispensable element of successful business.
- We manage and protect our intellectual property rights through registration and maintenance and enforcement measures.
- We respect intellectual property rights of others and do not infringe their intellectual property rights.

Customer Data Management

With the aim of enhancing our customers' shopping experience and their engagement with our stores via events and promotions, the Group has leveraged upon consumers' personal information, to the extent allowed by the relevant privacy laws and regulations, for our various direct marketing and promotion purposes. We respect the privacy and inviolability of the rights of our customers and we do not reveal or use customer information for any other purpose or any other inappropriate manner. Customers have the right to request us to update their personal information or delete their data from our records.

The Group seriously takes into account personal data protection and strives to ensure that adequate resources are deployed to protect customers' personal data against any unauthorised use, access, modification or disclosure. Compliance procedures are in place to ensure strict adherence to applicable laws, rules and regulations. We place utmost importance in protecting the privacy of our customers throughout the cycle of collection, processing and usage of their personal data. We strive to ensure that customers' personal data is always securely processed and stored and only for the purposes for which it has been collected.

The collection, storage, and use of customers' personal data by the Group are in complies with the relevant requirements of the "Personal Information Protection Law of the People's Republic of China" (中華人民共和國個人信息保護法), which was last issued in November 2021. The member information in the membership system of the Group has been desensitised and encrypted. In addition, pursuant to the "Cybersecurity Law of the People's Republic of China" (中華人民共和國網絡安全法), we provided WIFI Internet access to customers and strengthened the protection of customers' personal information through the implementation of real-name authentication.

During the financial year 2021, no complaint was received concerning possible breaches of customer privacy laws and the loss of customer data.

Anti-corruption

The Group strictly complies with the following anti-corruption laws and regulations of the PRC in its daily operations:

(i) Criminal Law of the People's Republic of China (中華人民共和國刑法)

(ii) Anti-Money Laundering Law of the People's Republic of China (中華人民共和國反洗錢法)

(iii) Anti-Unfair Competition Law of the People's Republic of China (中華人民共和國反不正當競爭法)

(iv) Interim Provisions on Prohibition of Commercial Bribery (關於禁止商業賄賂行為的暫行規定)

The Group strives to achieve transparency, integrity and accountability in our operations and require our employees to maintain high standard on work ethics, personal and professional conducts in order to maintain and promote the Group's reputation. The Group has formulated various rules and regulations, such as the "Accountability Administrative Measures" (責任追究管理辦法), "Complaint and Whistle-blowing System" (投訴舉報制度), "Integrity and Self-discipline Undertaking" (廉潔自律承諾書), "Integrity Convention" (廉潔公約) and the "Sunshine Agreement" (陽光協議), that require all employees to comply with and prohibit any form of corruption, bribery, extortion, fraud and money laundering. In addition to these code of conduct for employees. the Group has in place an interest declaration and whistle-blowing mechanism, which we share with our brand suppliers, rental tenants, business partners, customers and the public to minimise and mitigate any situations that may lead to the occurrence of conflict of interests or corruptions. At the same time, the Group considers integrity as our core value and encourages our employees to report any improper, misconduct or fraudulent behavior.

In order to establish and maintain the Group's integrity, the Group has delegated the internal audit department for monitoring and auditing of the relevant corporate risks. New employees will be required to attend courses relating to anti-corruption and self-discipline when joining the Group to solidify their understanding of anti-corruption and all employees are required to sign the "Integrity and Self-discipline Undertaking" (廉潔自律承諾書) and the "Integrity Convention" (廉潔公約) to improve their awareness of integrity and self-discipline. In order to build up a frank, honest, trustful and cooperative relationship, all brand suppliers, rental tenants and business partners are required to sign the "Sunshine Agreement" (陽光協議) which has the same legal force as the main contract. If a brand supplier, rental tenant or business partner violates the "Sunshine Agreement", the Group has the right to record such brand supplier, rental tenant or business partner in the internal blacklist, as well as the shared inquiry system of China Corporate Anti-Fraud Alliance and Trust and Integrity Enterprise Alliance. The Group maintains a high standard of business integrity and has joined the Enterprise Anti-Fraud Autonomous Cooperation Organisation, Enterprise Anti-Fraud Alliance and Trust and Integrity Enterprise Alliance. The Group adopts a "zero tolerance" policy for corruption or bribery in any form.

In order to prevent misconduct, the Group has established clear complaint and whistle-blowing channels (including whistle-blowing hotline and email account), and newly added the Golden Eagle Integrity WeChat Official Account as additional channel to explicitly encourage the reporting of misconducts. These channels are established for the reporting of suspected corruption, any instances of non-compliance, abuse or malpractice. Details of compliant and whistle-blowing channels are updated regularly and published at major operating areas to draw public awareness effectively. In order to further standardise the management of whistle-blowing and complaints, to strengthen the Group's corporate governance and internal control, and to ensure the comprehensiveness, scientific and operational characteristics of the system, the Company has amended the "Complaint and Whistle-blowing System" (投訴舉報制度) to formulate protection policies to ensure the independence and confidentiality of all complaints and the relevant investigation processes to safeguard the legitimate rights and interests of the whistle-blowers. To ensure whistle-blowers have the freedom to report grievances without fear of reprisal, all cases are treated strictly confidential and submitted to internal audit department for further investigation.

We encourage all the Directors to participate in continuing professional development by providing them training materials relating to corporate governance, functions and duties of directors, Listing Rules and other regulations. During our day-to-day work, we developed an anti-fraud training framework for all employees, focusing on risk control system, red line terms and content and employee reporting system, actively carrying out anti-corruption trainings. In 2021, two anti-fraud training sessions were held for board members and senior management and the anti-fraud training session incorporated in the orientation program was provided to all new employees.

During the financial year 2021, the Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact on the Group relating to corruption, bribery, extortion, fraud and money laundering. Meanwhile, none of the Group's companies or their employees (during their employment) have been prosecuted and convicted for corruption-related offences.

Community Investment

Since its establishment, the Group shoulders its social responsibilities and builds the "Love @ Golden Eagle" (愛在金鷹) charity brand so as to advocate social care in a sustainable manner, promote corporate social responsibility and contribution to the society. For this purpose, the Group actively devotes resources to the society, and pays particular attention to the underprivileged groups who lack resources, and provides support to children with special needs, left-behind children and the elderly. During the pandemic, materials and supplies were also provided to support frontline staff. At the same time, the Group continued to work with various charitable organisations in the PRC during the year and strived to actively interact with local communities through various means. The Group endeavours to:

- support underprivileged groups and bring them love and hopes;
- encourage employees to extensively and actively participate in charitable activities to enhance their awareness and concern for the community; and
- strengthen our employees' sense of belonging and commitments to the society.

In the financial year 2021, some of the activities organised by the Group are as follows:

Environmental, Social and Governance Report

Caring for Society

Since its initial establishment, the Group understands the importance of establishing mutual assistance, beneficial and win-win relationship between corporates and the society. While creating substantial commercial value, the Group also bears its social responsibilities to extensively participate in social welfare and contribute to the society.

- On 9 September 2021, Xuzhou Store delivered 2,000 boxes of mooncakes to the frontline sanitation workers, students with special needs and live-alone elderlies on the "99 Public Welfare Day" (99公益日).

- During the Mid-Autumn Festival on 20 September 2021, Yancheng Julonghu Store, together with Xindu Sub-district (新都街道) and Xindu Sub-district Entertainment Community" (新都街道娛樂社區), offered 100 boxes of mooncakes and 12 carton boxes of milk as festive greetings to the destitute supporters, subsistence allowance families, lost-of-only-child families and disabled.

- In December 2021, the Group cooperated with Jiangsu City Channel and Jiangsu Disabled Persons' Welfare Foundation (江蘇省殘疾人福利基金會) to launch a charity project "Love @ Golden Eagle (A Tour of New Wishes" (愛在金鷹·新願環遊記). A series of four short video were produced for four wishes selected for realisation: including a new Dad, a student sponsored by the "Golden Eagle Sunshine Student Project" (金鷹陽光學子), a grandparent and a grandchildren, and a couple who are medical workers. Their stories were used to bring warmth and encouragement to citizens during the pandemic period and broadcasted through the Jiangsu City Channel, its new media platform and Golden Eagle's official platform. On 31 December 2021, at Nanjing Xinjiekou Store, the representatives of Golden Eagle and the love ambassador of Jiangsu City Channel donated 100 winter warming packages and caring supplies to Jiangsu Disabled Persons' Welfare Foundation (江蘇省殘疾人福利基金會), and the entire event was broadcasted on internet through the Jiangsu City Channel.

The aggregate commercial value of the aforementioned gift items and supplies amounted to approximately RMB304,500.



Caring for Education

Since its establishment, the Group has been promoting education related public welfare projects to provide education opportunities for better life of those in needs, so as to create a warm and caring community with mutual trust, and striving to realise the sustainable development of public welfare.

- On 6 November 2021, Nanjing Hubin Tiandi Store, with the Group's "Black Friday G Plan" as the theme, organised the International Music Festival in cooperation with the Nanjing Angel Action Public Welfare Organisation (南京天使行動公益組織), Nanjing Qixia District Committee of the Communist Youth League (共青團南京市棲霞區委員會) and BASIS International School Nanjing. Over 800 foreign students participated in the performance and tickets were priced at RMB10 per person. All proceeds will be used to assist the underprivileged children in Qixia District. The performance attracted many parents and customers and raised more than RMB5,000 on that day.

- On 16 December 2021, Taizhou Store co-operated with Taizhou Charity Federation (泰州慈善總會) to organise the charity auction "Caring for Education, Making Dreams for the Future" (愛心助學築夢未來) for the left-behind children. A sum of RMB50,000 was donated by the store to Taizhou Fishery Experimental School (泰州漁行實驗學校). It is the ninth consecutive year for Taizhou Store to co-operate with Taizhou Charity Federation (泰州慈善總會) to organise charity auctions since 2013, and the aggregate donations made by Taizhou Store amounted to RMB451,888.

Public Welfare and Culture

The Group's charity work not only focuses on the needs of individuals, but also continues to support social culture and arts related public welfare projects. In 2021, the Group cooperated with Jiangsu Women and Children's Foundation (江蘇省婦女兒童基金會) to organise the "Golden Eagle Philharmonic" (金鷹愛樂) project to promote the arts of symphony music through its retail stores, carried out co-operations with various parties including the Provincial Traditional Culture Research Institute, Jiangsu City Channel and flute artist Wu Jing, etc to convey positive cultural energy during the pandemic. The above aggregate promotional expenses incurred by the Group amounted to RMB112,300.

Anti-pandemic and disaster relief

The Group attaches great importance over the development of the pandemic and disaster relief. In 2021, the Group donated anti-epidemic and disaster relief materials to Yangzhou, Nanjing, Zhengzhou and other regions, and will continue to strictly implement the pandemic prevention and control policies in the future, to create a safe shopping environment, to ensure the sufficient supply of people's livelihood, support merchants and business partners, and coordinate various resources from the society to jointly fight against the pandemic.

- In 2021, a total of 17 stores including Nanjing Golden Eagle World Store and Yancheng Julonghu Store has been designated as the temporary nucleic acid testing centre for 37 times and as mobile vaccination centre for 10 times (Nantong Lifestyle Centre was designated as a mobile vaccination centre from 16 July to 6 September 2021). The stores also provided heatstroke prevention and cooling supplies, work meals and other supports to the medical staff during the relevant periods.

- On 7 August 2021, the Group promptly responded, coordinated and contacted various resources to donate a batch of anti-pandemic supplies including hand sanitisers, alcohol, disinfectants, etc. to help the pandemic prevention and control in Yangzhou. The aggregate commercial value of these supplies amounted to approximately RMB105,400.

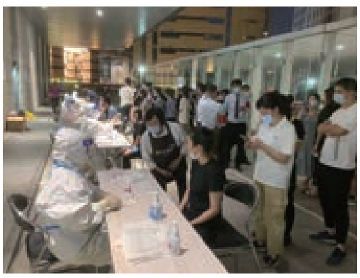
- In the evening of 29 July 2021, the facade of Nanjing Golden Eagle World Store displayed slogans such as "Aid from all directions, thank you for mutual aid" (八方馳援，感恩共濟), "Healers are kind, fearless and perseverance" (醫者仁心，無畏堅守) and "Thank you for protecting Nanjing" (謝謝你們守護南京) to express gratitude to the medical staff fighting against the pandemic, and pay tribute to the unity, mutual assistance and courage of Jiangsu.

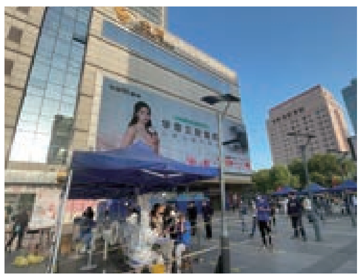
- On 24 July 2021, through the Charity Federation of Zhengzhou Economic and Technological Development Zone (鄭州經濟技術開發區慈善總會), the Group kept abreast of the livelihood and relief supplies needed by the local residents in a timely manner. The remaining balance from the over RMB800,000 disaster relief fund raised by Golden Eagle Group and its staff in 2020 was fully utilised for the procurement of materials within a short period of time, more than 1,000 boxes of supplies with an aggregate commercial value of approximately RMB180,000 were donated to the disaster-stricken areas in Henan Province.

- The Group partnered with various charitable foundations, organisations and brands to organise nearly 50 activities in various cities in Jiangsu Province to show supports to front-line workers, including medical staff, social workers, policemen, healthcare supervisors and street sanitation workers, and to those who had been affected by the pandemic, including left-behind children and the elderly, by giving out healthcare products, daily accessories, breakfast and food.

Environmental, Social and Governance Report

The aggregate commercial value of the aforementioned anti-pandemic relief supplies amounted to approximately RMB323,000.





Environmental, Social and Governance Reporting Guide of The Stock Exchange of Hong Kong Limited

A.	Environment	Section Reference (Page Number)
A1.	**Emissions**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Environment – Emission (40) – (43)
A1.1	The types of emissions and respective emissions data	(40)
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity	(40)
A1.3	Total hazardous waste produced and intensity	The Group does not produce any hazardous waste.
A1.4	Total non-hazardous waste produced and intensity	(40)
A1.5	Description of emission target(s) set and steps taken to achieve them	(40) – (48)
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	The Group does not produce any hazardous waste. For non-hazardous waste, reduction initiatives and results achieved, please refer to (41) – (43)
A2.	**Use of Resources**	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Environment – Use of Resources (43) – (47)
A2.1	Direct and/or indirect energy consumption by type in total and intensity	(40)

Environmental, Social and Governance Report

A2.	Use of Resources	Section Reference (Page Number)
A2.2	Water consumption in total and intensity	(40)
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	(43) – (46), (48)
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	(46) – (48)
A2.5	Total packaging material used for finished products	Considered irrelevant
A3.	**The Environment and Natural Resources**	
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources	Environment – Environment and natural resources (47) – (48)
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	(47) – (48)
A4.	**Climate Change**	
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	Environment – Climate Change (50) – (51)
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	(50) – (51)

Environmental, Social and Governance Report

B.	Social	Section Reference (Page Number)
B1.	**Employment**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Employment and Labour Practices – Employment (52) – (54)
B1.1	Total workforce by gender, employment type, age group and geographical region	(53)
B1.2	Employee turnover rate by gender, age group and geographical region	(57) – (58)
B2.	**Health and Safety**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Employment and Labour Practices – Health and Safety (54) – (55)
B2.1	Number and rate of work-related fatalities occurred in each of the past three years	(55)
B2.2	Lost days due to work injury	(55)
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	(54) – (55)
B3.	**Development and Training**	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Employment and Labour Practices – Development and Training (56) – (57)
B3.1	The percentage of employees trained by gender and employee category	(57)
B3.2	The average training hours completed per employee by gender and employee category	(57)

B4.	Labour Standards	Section Reference (Page Number)
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Employment and Labour Practices – Labour Standards (58)
B4.1	Description of measures to review employment practices to avoid child and forced labour	(58)
B4.2	Description of steps taken to eliminate such practices when discovered	(58)
B5.	**Supply Chain Management**	
General Disclosure	Policies on managing environmental and social risks of the supply chain	Operating Practices – Supply Chain Management (59) – (60)
B5.1	Number of suppliers by geographical region	(60)
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	(59) – (60)
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	(59) – (60)
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	(59) – (60)

Environmental, Social and Governance Report

B6.	Product Responsibility	Section Reference (Page Number)
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Operating Practices – Product Responsibility (61) – (62)
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	(61)
B6.2	Number of products and service related complaints received and how they are dealt with	Operating Practices – Customer Services (62)
B6.3	Description of practices relating to observing and protecting intellectual property rights	(63)
B6.4	Description of quality assurance process and recall procedures	(61)
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	Operating Practices – Customer Data Management (63)
B7.	**Anti-corruption**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Operating Practices – Anti-corruption (64) – (65)
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	(65)
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	(64) – (65)
B7.3	Description of anti-corruption training provided to directors and staff	(65)
B8.	**Community Investment**	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Operating Practices – Community Investment (65) – (69)
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	(65)
B8.2	Resources contributed to the focus area	(66) – (69)

Directors' Report

The Directors are pleased to present the 2021 annual report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2021.

BUSINESS REVIEW

A review of the Group's business for the year ended 31 December 2021, the future business development and the principal risks and uncertainties facing the Group, are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 9 to 13 and pages 14 to 22 of this report.

An analysis of the Group's performance during the year using financial key performance indicators are out in the sections headed "Management Discussion and Analysis" and "Five Year Financial Summary" on pages 14 to 22 and page 8 of this report. No important event affecting the Group has occurred since the end of the financial year under review.

Discussions on the Group's environmental policies and performance, relationships with key stakeholders, and compliance with the relevant laws and regulations are set out in the section headed "Environmental, Social and Governance Report" on pages 37 to 74 of this annual report.

PRINCIPAL ACTIVITIES

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 principal activities of the subsidiaries, associates and joint ventures of the Company are set out in notes 45, 20 and 21 respectively to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2021 are set out in the consolidated statement of profit or loss on page 113 of this report.

The Directors have resolved not to recommend payment of a final dividend for the year ended 31 December 2021 (2020: RMB0.350 per share).

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years ended 31 December 2021 is set out on page 8 of this report.

Directors' Report

PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTIES

Details of movements in property, plant and equipment, right-of-use assets and investment properties of the Group during the year are set out in notes 15 to 17 respectively to the consolidated financial statements.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

DISTRIBUTABLE RESERVES

As at 31 December 2021, the Company's reserves available for distribution to shareholders amounted to approximately RMB754.9 million (2020: RMB723.6 million).

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors
Mr. Wang Hung, Roger (Chairman)
Ms. Wang Janice S. Y. (resigned on 25 June 2021)
Mr. Hans Hendrik Marie Diederen (retired on 27 May 2021)

Independent non-executive Directors
Mr. Wong Chi Keung
Mr. Lay Danny J
Mr. Lo Ching Yan

Biographical details of the Directors are set out in the section headed "Directors and Management Profiles" of this report.

According to Article 87 of the Articles of Association of the Company, Mr. Wang Hung, Roger and Mr. Lo Ching Yan will retire by rotation at the forthcoming annual general meeting ("2022 AGM") and being eligible, will offer themselves for re-election.

According to code provision A.4.3 of the Corporate Governance Code under Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") effective on or before 31 December 2021, if an independent non-executive director has served more than 9 years, his appointment should be subject to a separate resolution to be approved by the shareholders. Mr. Wong Chi Keung was appointed as an independent non-executive Director of the Company on 26 February 2006 and has served more than 9 years. For good corporate governance, Mr. Wong Chi Keung will retire, and being eligible, will offer himself for re-election, at the 2022 AGM. The reasons why the Board still considers Mr. Wong to be independent will be set out in the circular to be despatched to the shareholders for the convening of the 2022 AGM.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the 2022 AGM has a contract of service which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2021, the interests and short positions of the Directors, the chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long position in ordinary shares of HK$0.10 each of the Company ("Shares")

Name of Director/Chief Executive	Personal interests	Corporate interests	Total interests	Total interests as percentage of the issued share capital
Mr. Wang Hung, Roger ("Mr. Wang")	4,250,000	1,145,640,000	1,149,890,000(Note)	69.26%

Note: These 1,149,890,000 Shares comprised (i) 1,145,640,000 Shares beneficially held by the 2004 RVJD Family Trust's ("Family Trust") interest in GEICO Holdings Limited, which in turn is interested in the entire issued share capital of Golden Eagle International Retail Group Limited, to which Mr. Wang is the trustee; (ii) 4,000,000 Shares held by Mr. Wang as the beneficial owner; and (iii) 250,000 Shares beneficially held by Ms. Wang Hsu Vivine H ("Mrs. Wang"), the spouse of Mr. Wang. By virtue of the SFO, Mr. Wang is deemed to be interested in all the Shares held by the Family Trust and Mrs. Wang. Mrs. Wang is deemed to be interested in all the Shares held by Mr. Wang.

Save as disclosed above, as at 31 December 2021, none of the Directors, chief executive nor their associates had an interest or short position in any Shares, underlying shares or debentures of the Company or any of its associated corporations required to be disclosed under the SFO or the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARE CAPITAL OF THE COMPANY

As at 31 December 2021, the register of substantial shareholders and other persons maintained by the Company pursuant to section 336 of the SFO showed that other than the interests disclosed above in respect of certain Directors and the chief executive of the Company, the following shareholders had notified the Company of their relevant interests and short positions in the Shares and underlying shares of the Company:

Long position in Shares

Name	Nature of Interest	Number of Shares held	Percentage of shareholding
GEICO Holdings Limited (Note 1)	Interest in controlled corporation	1,145,640,000	69.01%
Golden Eagle International Retail Group Limited (Note 1)	Beneficial owner	1,145,640,000	69.01%
RVJD Holding Limited (Note 2)	Interest in controlled corporation	165,880,000	9.99%
RVJD STAR Company (Note 2)	Beneficial owner	165,880,000	9.99%
ICFI HK (U.S.A.) Investments, LLC	Beneficial owner	119,232,588	7.18%

Notes:

1. These Shares were held by Golden Eagle International Retail Group Limited, a wholly-owned subsidiary of GEICO Holdings Limited which is in turn wholly-owned by the Family Trust. Mr. Wang is the trustee.

2. These Shares were held by RVJD STAR Company, a wholly-owned subsidiary of RVJD Holding Limited which is in turn wholly-owned by The 2019 RVJD STAR Trust, a discretionary trust with Cititrust Private Trust (Cayman) Limited as the trustee. None of the Directors are beneficiaries of the trust. The 2019 RVJD STAR Trust is not a core connected person (as defined in the Listing Rules) of the Company and its shareholding in the Company is counted towards the Company's public float under the Listing Rules.

Save as disclosed above, as at 31 December 2021, the Company had not been notified of any other relevant interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its controlling shareholders, holding companies, or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

DIRECTORS' INDEMNITY

According to the Articles of Association of the Company, the Directors for the time being shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices.

The Company has taken out appropriate insurance cover in respect of legal actions against the Directors during the year ended 31 December 2021.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed under the paragraphs headed "Annual Review of Continuing Connected Transactions" and "Connected Transactions" below, no other transactions, arrangements or contracts of significance to which the Company, its controlling shareholders, holding companies, subsidiaries or fellow subsidiaries was a party and in which a Director (or an entity connected with a Director) had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

ANNUAL REVIEW OF CONTINUING CONNECTED TRANSACTIONS

Lease of property for department store operation from Nanjing Zhujiang No. 1 by Nanjing Zhujiang Road Store

On 28 August 2007, 南京金鷹珠江路購物中心有限公司 (formally known as 南京金鷹天地購物中心有限公司) (Nanjing Golden Eagle Zhujiang Road Shopping Centre Co., Ltd.* ("Nanjing Golden Eagle"), or where the context so requires, the department store operated by such company ("Nanjing Zhujiang Road Store")) entered into a tenancy agreement (the "Zhujiang Tenancy Agreement") in respect of the lease of 1st to 5th floors of Zhujiang No. 1 Plaza with 南京珠江壹號實業有限公司 (Nanjing Zhujiang No. 1 Industry Co., Ltd.*) ("Nanjing Zhujiang No. 1"). Nanjing Zhujiang No. 1 is a connected person of the Company as it is a company ultimately and wholly-owned by Mr. Wang, for a term of 20 years commencing from 28 December 2007. The aforesaid parties have entered into a supplemental agreement (the "First Supplemental Agreement") on 4 June 2008 amending the area of the property to be leased from approximately 22,780 square metres to approximately 24,545.46 square metres (the "Nanjing Zhujiang Properties").

On 29 December 2008, the aforesaid parties entered into a second supplemental agreement (the "Second Supplemental Agreement"), in respect of the lease of units at basement 1st and 2nd floors of the south wing (the "South Additional Units") and units at 2nd to 4th floors of the north wing of Zhujiang No. 1 Plaza (the "North Additional Units") with an aggregate gross floor area ("GFA") of approximately 6,278 square metres for the period between the date on which the South Additional Units and North Additional Units (the "Additional Nanjing Zhujiang Properties") commence operation to 27 December 2027. The South Additional Units commenced operations in phases at around February 2009 and the North Additional Units commenced operations on 16 May 2009.

* *For identification purpose only*

On 18 March 2015, Nanjing Zhujiang Road Store and Nanjing Zhujiang No. 1 entered into the third supplemental agreement (the "Third Supplemental Agreement"), pursuant to which the parties agree that:

(a) Nanjing Zhujiang No. 1 agrees to lease basement 1st floor to 1st floor of the north wing of Zhujiang No. 1 Plaza with an aggregate GFA of approximately 2,755 square metres (the "Further Additional Nanjing Zhujiang Properties") to Nanjing Zhujiang Road Store from the date on which the Third Supplemental Agreement becomes effective to 27 December 2027. The Nanjing Zhujiang Properties, the Additional Nanjing Zhujiang Properties and the Further Additional Nanjing Zhujiang Properties with an aggregate GFA of approximately 33,578.46 square metres are collectively referred to as the "Total Nanjing Zhujiang Properties";

(b) with retrospective effect from 1 January 2015, the annual rental payable by Nanjing Zhujiang Road Store to Nanjing Zhujiang No. 1 for the lease of Total Nanjing Zhujiang Properties shall be adjusted and equivalent to the aggregate of:

(i) with respect to those concessionaires:

(aa) for those concessionaires which (I) the Group charges more than 8% commission rate on their concessionaire sales (excluding those gold and jewellery concessionaires) and (II) the Group charges more than 10% commission rate on their concessionaire sales relating to those gold and jewellery concessionaires, 4% of the annual gross sales proceeds derived from the operation of those concessionaires (less value-added tax);

(bb) for those concessionaires which (I) the Group charges 8% or less commission rate on their concessionaire sales (excluding those gold and jewellery concessionaires) and (II) the Group charges 10% or less commission rate on their concessionaire sales relating to those gold and jewellery concessionaires, the amount to be calculated in accordance with the following formula:

Gross sales proceeds derived from the operation of those concessionaires (less value-added tax)	X	Commission rate charged by the Group (less sales tax)	X	50%

(the "Applicable Rental on Concessionaires (4%)");

(ii) with respect to sub-letting of units:

50% of the rental proceeds derived from sub-letting the units (the "Applicable Rental on Sub-letting") in the Total Nanjing Zhujiang Properties (less business tax and other relevant taxes);

(iii) with respect to supermarket operations:

4% of the gross sales proceeds (less value-added tax) derived from the operation of supermarket (the "Applicable Rental on Supermarket Operations").

The entering into of the Zhujiang Tenancy Agreement (as amended and supplemented) allows the Group to secure tenancy for a department store which is located at a prime location in Nanjing City.

The adjusted rental was arrived at after arm's length negotiations taking into account the long-term development of the Group. The rental expenses paid by the Group under the Zhujiang Tenancy Agreement (as amended and supplemented) for the year ended 31 December 2021 amounted to RMB19,507,000.

Lease of property for department store operation from Shanghai Golden Eagle Tiandi by Shanghai Store

On 29 December 2008, 上海金鷹國際購物廣場有限公司 (formally known as 上海金鷹國際購物中心有限公司) (Shanghai Golden Eagle International Shopping Plaza Co., Ltd.*, or where the context so requires, the department store operated by such company ("Shanghai Store")) entered into a tenancy agreement (the "Shanghai Tenancy Agreement") in respect of the lease of the entire 1st to 5th floors, a portion of the 6th floor and the relevant accessory room of Golden Eagle Shopping Plaza with an aggregate GFA of approximately 26,277.17 square metres (the "Shanghai Properties") with 上海金鷹天地實業有限公司 (Shanghai Golden Eagle Tiandi Industry Limited*) ("Shanghai Golden Eagle Tiandi"), a connected person of the Company as it is a company ultimately and wholly-owned by Mr. Wang, for a term of 20 years commencing from 28 May 2009.

The aforesaid parties subsequently entered into (i) the first supplemental agreement on 19 December 2013 adjusting the annual rental payable by Shanghai Store to Shanghai Golden Eagle Tiandi for the year ended 31 December 2013 while the entire leased premise underwent internal renovation and adjusting the calculation of the annual rental subsequently payable; and (ii) the second supplemental agreement on 18 March 2015 extending the internal renovation period until 30 September 2015 (subject to adjustment as may be agreed between the parties) and further adjusting the calculation of the annual rental subsequently payable.

On 29 December 2017, Shanghai Store and Shanghai Golden Eagle Tiandi entered into the third supplemental agreement, pursuant to which the parties agree that:

(a) Shanghai Golden Eagle Tiandi agrees to lease the entire 7th to 8th floors and a portion of the 9th floor of Golden Eagle Shopping Plaza (the "Additional Shanghai Properties") with an aggregate GFA of approximately 8,885.77 square metres to Shanghai Store from 1 January 2018 to 27 May 2029; and

(b) with effect from 1 January 2018, the Shanghai Properties and the Additional Shanghai Properties with an aggregate GFA of approximately 35,162.94 square metres (collectively referred to as the "Total Shanghai Properties") are subject to property management fee payable by Shanghai Store to Shanghai Golden Eagle Tiandi equivalent to the actual property management costs incurred plus a mark-up of 10%.

* *For identification purpose only*

The annual rental payable by Shanghai Store to Shanghai Golden Eagle Tiandi for the lease of the Total Shanghai Properties shall be adjusted and equivalent to the aggregate of:

(a) with respect to those concessionaires, the Applicable Rental on Concessionaires (4%);

(b) with respect to sub-letting of units, the Applicable Rental on Sub-letting.

As ancillary facilities and services to the lease, Shanghai Golden Eagle Tiandi shall also provide property management services, including but not limited to provision of cleaning, environmental and greenery services, in respect of the nearby area outside the Total Shanghai Properties at the actual costs incurred by Shanghai Golden Eagle Tiandi plus a mark-up of 10%.

The purpose of entering into the Shanghai Tenancy Agreement (as amended and supplemented) is to use the Total Shanghai Properties, which are located at a prime location in Shanghai, for the Group to commence its department store operations in Shanghai and acts as a platform for the Group to cooperate with international brands.

The adjusted rental was arrived at after arm's length negotiations taking into account the long-term development of the Group. The rental expenses and property management fees paid by the Group under the Shanghai Tenancy Agreement (as amended and supplemented) for the year ended 31 December 2021 amounted to RMB24,200,000.

Lease of property for department store operation from Golden Eagle International Group by Nanjing Hanzhong Store

On 3 July 2019, 南京金鷹商貿特惠中心有限公司 (Nanjing Golden Eagle Retail Outlet Co., Ltd.*, or where the context so requires, the department store operated by such company ("Nanjing Hanzhong Store")) entered into a tenancy agreement (the "Hanzhong Plaza Tenancy Agreement") in respect of the lease of a 5-storey shopping plaza with an underground accessory room (the "Hanzhong Plaza") with 南京金鷹國際集團有限公司 (Nanjing Golden Eagle International Group Co., Ltd.*) ("Golden Eagle International Group") for a term of 10 years commencing from 18 October 2019, the effective date of the Hanzhong Plaza Tenancy Agreement, in order to facilitate the Group to maintain one of its existing stores at Nanjing which had been in operation for 10 years since 2009. Golden Eagle International Group is a connected person of the Company as it is a company ultimately and wholly-owned by Mr. Wang.

The annual rental payable by Nanjing Hanzhong Store to Golden Eagle International Group for the lease of the Hanzhong Plaza, which with a total GFA of approximately 12,462.02 square metres, shall be equivalent to the aggregate of:

(a) with respect to those concessionaires, the Applicable Rental on Concessionaires (4%);

(b) with respect to sub-letting of units, the Applicable Rental on Sub-letting.

* *For identification purpose only*

As ancillary facilities and services to the lease, Golden Eagle International Group shall also provide free car parking spaces to the customers of Nanjing Hanzhong Store whereas Nanjing Hanzhong Store shall pay carpark fees at the rate offered by Golden Eagle International Group to the general public from time to time, which currently is RMB6.0 per hour, as part of the value-added customer services of Nanjing Hanzhong Store.

The rental was arrived at after arm's length negotiations taking into account the long-term development of the Group. The rental expenses and carpark fees paid by the Group under the Hanzhong Plaza Tenancy Agreement for the year ended 31 December 2021 amounted to RMB9,071,000.

Lease of property for lifestyle centre operation from Xianlin Technology by Nanjing Hubin Tiandi Store

On 9 November 2009, 南京仙林金鷹購物中心有限公司 (Nanjing Xianlin Golden Eagle Shopping Centre Co., Ltd.* ("Xianlin Golden Eagle Shopping"), or where the context so requires, the lifestyle centre operated by such company ("Nanjing Hubin Tiandi Store")) entered into a tenancy agreement (the "Xianlin Tenancy Agreement") in respect of the lease of the ground floor to 4th floor of Block A of Zone A Xianlin Hubin Tiandi (the "Xianlin Retail Area") with 南京仙林金鷹天地科技實業有限公司 (formerly known as 南京仙林金鷹置業有限公司) (Nanjing Xianlin Golden Eagle Tiandi Technology Industry Co., Ltd.*) ("Xianlin Technology"), a connected person of the Company as it is a company ultimately and wholly-owned by Mr. Wang, for a term of 20 years commencing from 18 December 2009.

On 10 November 2010, the aforesaid parties entered into another lease agreement (the "Additional Xianlin Tenancy Agreement") in respect of the lease of the ground floor and the 1st floor of Blocks C and E and the ground floor of Blocks D and F of Zone A Xianlin Hubin Tiandi (the "Additional Xianlin Retail Area"), pursuant to which Xianlin Technology shall lease to Nanjing Hubin Tiandi Store the Additional Xianlin Retail Area for a period between the date on which the Additional Xianlin Retail Area commences operation to 17 December 2029.

On 20 January 2012, the aforesaid parties entered into (a) a supplemental agreement to the Xianlin Tenancy Agreement (the "Xianlin Supplemental Agreement") amending certain terms of the Xianlin Tenancy Agreement and (b) a supplemental agreement to the Additional Xianlin Tenancy Agreement (the "Additional Xianlin Supplemental Agreement") (i) amending certain terms of the Additional Xianlin Tenancy Agreement and (ii) leasing the ground floor of Block B, the ground floor and the 1st floor of Block E and the ground floor of Block F of Zone A Xianlin Hubin Tiandi (the "Further Additional Xianlin Retail Area"). The amended terms on rental payable under the supplemental agreements shall be effective from 1 July 2011 while the terms in respect of the lease of the Further Additional Xianlin Retail Area commences from the date of delivery of the said area to 17 December 2029.

* *For identification purpose only*

The aforesaid parties subsequently entered into (i) the second supplemental agreement on 19 December 2013 removing the minimum guaranteed rental with effect from 1 January 2013; (ii) the third supplemental agreement on 18 March 2015 adjusting the calculation of the annual rental payable with retrospective effect from 1 January 2015 onwards; and (iii) the fourth supplemental agreement on 3 July 2019 leasing certain area of the ground floor to the 3rd floor of Block B, the ground floor and the 1st floor of Block C and the ground floor of Block D of Zone A Xianlin Hubin Tiandi (the "2019 Further Additional Xianlin Retail Area") for a period between 18 October 2019, when the fourth supplemental agreement became effective, to 17 December 2029. The Xianlin Retail Area, the Additional Xianlin Retail Area, the Further Additional Xianlin Retail Area and the 2019 Further Additional Xianlin Retail Area with an aggregate GFA of approximately 47,495.02 square metres are collectively referred to as the "Total Xianlin Retail Area".

The annual rental payable by Nanjing Hubin Tiandi Store to Xianlin Technology for the lease of the Total Xianlin Retail Area shall be adjusted and equivalent to the aggregate of:

(a) with respect to those concessionaires, the Applicable Rental on Concessionaires (4%);

(b) with respect to sub-letting of units, the Applicable Rental on Sub-letting;

(c) with respect to supermarket operations, the Applicable Rental on Supermarket Operations.

The entering into of the Total Xianlin Tenancy Agreement (as amended and supplemented) allows the Group to increase its presence and market share in Nanjing. The adjusted rental was arrived at after arm's length negotiations taking into account the long-term development of the Group. The rental expenses paid by the Group under the Total Xianlin Tenancy Agreement (as amended and supplemented) for the year ended 31 December 2021 amounted to RMB24,960,000.

Lease of property for outlet store operation from Yancheng Technology by Yancheng Outlet Store

On 20 January 2012, 鹽城金鷹國際購物中心有限公司 (Yancheng Golden Eagle International Shopping Centre Co., Ltd.* ("Yancheng Golden Eagle Shopping") or where the context so requires, the outlet store operated by such company ("Yancheng Outlet Store")) entered into a tenancy agreement (the "Yancheng Outlet Tenancy Agreement") in respect of the lease of Blocks D, E, F, G, H and M of Golden Eagle Longhu No. 1 with an aggregate GFA of approximately 18,354.17 square metres ("Yancheng Outlet Lease Area") with 鹽城金鷹科技實業有限公司 (formerly known as 鹽城金國聯置業有限公司) (Yancheng Golden Eagle Technology Industry Co., Ltd.*) ("Yancheng Technology"), a connected person of the Company as it is a company ultimately and wholly-owned by Mr. Wang, for a term of 10 years commencing from 18 May 2012. The purpose of entering into the Yancheng Outlet Tenancy Agreement is to facilitate the Group to further enhance its presence, market share and competitiveness in Yancheng City in which the Group is already enjoying a leading position.

On 19 December 2013, the aforesaid parties entered into a supplemental agreement, removing the minimum guaranteed rental with effect from 1 January 2013.

* *For identification purpose only*

Directors' Report

On 18 March 2015, Yancheng Outlet Store and Yancheng Technology entered into the second supplemental agreement, pursuant to which the parties agree that, with effect from 19 May 2015, the annual rental payable by Yancheng Outlet Store to Yancheng Technology for the lease of Yancheng Outlet Store shall be adjusted and equivalent to the aggregate of:

(a) with respect to those concessionaires:

(i) for those concessionaires which (I) the Group charges more than 8% commission rate on their concessionaire sales (excluding those gold and jewellery concessionaires) and (II) the Group charges more than 10% commission rate on their concessionaire sales relating to those gold and jewellery concessionaires, 4.5% of the annual gross sales proceeds derived from the operation of those concessionaires (less the relevant value-added tax);

(ii) for those concessionaires which (I) the Group charges 8% or less commission rate on their concessionaires sales (excluding those gold and jewellery concessionaires) and (II) the Group charges 10% or less commission rate on their concessionaire sales relating to those gold and jewellery concessionaires, the amount to be calculated in accordance with the following formula:

Gross sales proceeds derived from the operation of those concessionaires (less the relevant value-added tax)	X	Commission rate charged by the Group (less sales tax)	X	50%

(the "Applicable Rental on Concessionaires (4.5%)")

(b) with respect to sub-letting of units, the Applicable Rental on Sub-letting.

The Yancheng Outlet Tenancy Agreement (as amended and supplemented) will expire on 17 May 2022. On 30 September 2021, Yancheng Golden Eagle Shopping and Yancheng Technology entered into another tenancy agreement (the "2022 Yancheng Outlet Tenancy Agreement") in respect of the lease of the Yancheng Outlet Lease Area for the same lease term for a term of 10 years commencing from 18 May 2022, the effective date of the 2022 Yancheng Outlet Tenancy Agreement. Pursuant to the 2022 Yancheng Outlet Tenancy Agreement, as ancillary facilities and services to the lease, Yancheng Technology shall also provide (i) free car parking spaces to the customers of Yancheng Outlet Store whereas Yancheng Outlet Store shall pay carpark fees at not less than 20% discount of the normal car parking fee offered by Yancheng Technology to the general public from time to time, which currently is RMB5.0 for the first two hours and RMB1.0 per subsequent hour but is free of charge to Yancheng Outlet Store, as part of the value-added customer services of Yancheng Outlet Store; and (ii) property management services, including but not limited to provision of cleaning, environmental and greenery services, in respect of the nearby area outside the Yancheng Outlet Lease Area at the actual costs incurred by Yancheng Technology plus a mark-up of 10%.

The adjusted rental was arrived at after arm's length negotiations taking into account the long-term development of the Group. The rental expenses paid by the Group under the Yancheng Outlet Tenancy Agreement (as amended and supplemented) for the year ended 31 December 2021 amounted to RMB7,858,000.

Directors' Report

Lease of property for lifestyle centre operation from Golden Eagle International Group and Golden Eagle International Industry by Golden Eagle (China)

On 16 April 2014, 金鷹國際商貿集團（中國）有限公司 (Golden Eagle International Retail Group (China) Co., Ltd.* ("Golden Eagle (China)"), or where the context so requires, the lifestyle centre operated by such company ("Nanjing Xinjiekou Store")) entered into a tenancy agreement (the "Xinjiekou Store Block B Tenancy Agreement") in respect of the lease of basement 1st floor, 7th to 9th floor of Golden Eagle Centre Tower B ("Golden Eagle Centre Tower B") together with the ancillary facilities with an aggregate GFA of approximately 29,242 square metres (the "Xinjiekou Store Block B Lease Area") with Golden Eagle International Group for a term of 20 years commencing from 26 April 2014. The purpose of entering into the Xinjiekou Store Block B Tenancy Agreement is to enlarge the operating area of Nanjing Xinjiekou Store to transform it into a comprehensive lifestyle centre to further enhance the Group's presence, market share and competitiveness in Nanjing City in which the Group is already enjoying a leading position.

The aforesaid parties subsequently entered into (i) the first supplemental agreement on 18 March 2015 adjusting the calculation of the annual rental payable with retrospective effect from 1 January 2015 onwards; and (ii) the second supplemental agreement on 29 September 2020 leasing additional area located at basement 1st floor of Golden Eagle Centre Tower A with a GFA of approximately 2,700 square metres (the "Additional Xinjiekou Store Block B Lease Area") for a period from 1 January 2021 to 25 April 2034.

In addition, on 29 September 2020, Golden Eagle (China) entered into a tenancy agreement (the "7/F Xinjiekou Store Block A Tenancy Agreement") in respect of the lease of 7th floor of Golden Eagle Centre Tower A with a GFA of approximately 5,420.79 square metres ("7/F, Xinjiekou Block A Lease Area") with 南京金鷹國際實業有限公司 (Nanjing Golden Eagle International Industry Co., Ltd. *) ("Golden Eagle International Industry"), a connected person of the Company as it is a company ultimately and wholly-owned by Mr. Wang, for a period from 1 January 2021 to 25 April 2034.

The Xinjiekou Store Block B Lease Area, the Additional Xinjiekou Store Block B Lease Area and the 7/F, Xinjiekou Block A Lease Area with an aggregate GFA of approximately 37,362.79 square metres are collectively referred to as the "Total Xinjiekou Store Lease Area".

The annual rental payable by Golden Eagle (China) to Golden Eagle International Group and Golden Eagle International Industry for the Total Xinjiekou Store Lease Area shall be adjusted and equivalent to the aggregate of:

(a) with respect to those concessionaires, the Applicable Rental on Concessionaires (4%);

(b) with respect to sub-letting of units, the Applicable Rental on Sub-letting;

(c) with respect to supermarket operations (under the Xinjiekou Store Block B Tenancy Agreement (as amended and supplemented) only), the Applicable Rental on Supermarket Operations.

* *For identification purpose only*

The adjusted rental under the Xinjiekou Store Block B Tenancy Agreement (as amended and supplemented) was arrived at after arm's length negotiations taking into account the long-term development of the Group. The rental expenses paid by the Group to Golden Eagle International Group under the Xinjiekou Store Block B Tenancy Agreement (as amended and supplemented) for the year ended 31 December 2021 amounted to RMB34,080,000.

The rental under the 7/F Xinjiekou Store Block A Tenancy Agreement was arrived at after arm's length negotiations with reference to the prevailing market rates, that 7/F, Xinjiekou Block A Lease Area will be delivered to the Group at the roughcast state on commencement of the term, and with reference to the Xinjiekou Store Block B Tenancy Agreement (as amended and supplemented). The rental expenses paid by the Group to Golden Eagle International Industry under the 7/F Xinjiekou Store Block A Tenancy Agreement for the year ended 31 December 2021 amounted to RMB1,068,000.

Lease of property for lifestyle centre operation from Yancheng Technology by Yancheng Julonghu Store

On 18 March 2015, 鹽城金鷹聚龍湖購物中心有限公司 (Yancheng Golden Eagle Julonghu Shopping Centre Co., Ltd.* ("Yancheng Julonghu Shopping") or where the context so requires, the lifestyle centre operated by such company ("Yancheng Julonghu Store")) entered into a tenancy agreement in respect of the lease of (i) basement 2nd to 7th floor, Block 5, Yancheng Golden Eagle Tiandi Plaza and (ii) basement 1st to 3rd floor, Block 6, Yancheng Golden Eagle Tiandi Plaza with an aggregate GFA of approximately 110,848 square metres (the "Yancheng Julonghu Tenancy Agreement") with Yancheng Technology for a term of 20 years commencing from 6 September 2014. The purpose of entering into the Yancheng Julonghu Tenancy Agreement is to further solidify the Group's presence, market share and competitiveness in Yancheng in which the Group is already enjoying a leading position.

The annual rental payable by Yancheng Technology Store to Yancheng Technology shall be equivalent to the aggregate of:

(a) with retrospective effect, for the period from 6 September 2014 to 30 April 2015, RMB1.0 million;

(b) for the period from 1 May 2015 to the expiry date of the Yancheng Julonghu Tenancy Agreement shall be equivalent to the aggregate of:

    (i) with respect to those concessionaires, the Applicable Rental on Concessionaires (4%);

    (ii) with respect to sub-letting of units, the Applicable Rental on Sub-letting;

    (iii) with respect to supermarket operations, the Applicable Rental on Supermarket Operations.

As ancillary facilities and services to the lease, Yancheng Technology shall also provide (i) free car parking spaces to the customers of Yancheng Julonghu Store whereas Yancheng Julonghu Store shall pay carpark fees at not less than 20% discount of the normal car parking fee offered by Yancheng Technology to the general public from time to time, which currently is RMB5.0 for the first two hours and RMB1.0 per subsequent hour, as part of the value-added customer services of Yancheng Julonghu Store; and (ii) property management services, including but not limited to provision of cleaning, environmental and greenery services, in respect of the nearby area outside Yancheng Julonghu Store at the actual costs incurred by Yancheng Technology plus a mark-up of 10%.

* *For identification purpose only*

The consideration was arrived at after arm's length negotiations taking into account that the property was delivered to the Group at roughcast state and with reference to the prevailing market rate. The rental expenses, property management fees and carpark fees paid by the Group to Yancheng Technology under the Yancheng Julonghu Tenancy Agreement for the year ended 31 December 2021 amounted to RMB39,909,000.

Lease of property for lifestyle centre operation from Danyang Golden Eagle Tiandi by Danyang Store

On 18 March 2015, 丹陽金鷹國際購物中心有限公司 (Danyang Golden Eagle International Shopping Centre Co., Ltd.* or where the context so requires, the lifestyle centre operated by such company ("Danyang Store")) entered into a tenancy agreement in respect of the lease of all parts of 1st to 8th floors and a portion of basement 1st floor, North Zone, Block 16 of Danyang Golden Eagle Tiandi Plaza with an aggregate GFA of approximately 51,755.42 square metres and the ancillary facilities (the "Danyang Tenancy Agreement") with 丹陽金鷹天地實業有限公司 (Danyang Golden Eagle Tiandi Industry Co., Ltd.*) ("Danyang Golden Eagle Tiandi"), a connected person of the Company as it is a company ultimately and wholly-owned by Mr. Wang, for a term of 20 years commencing from 1 January 2015. The purpose of entering into the Danyang Tenancy Agreement is to further solidify the Group's presence, market share and competitiveness in Jiangsu Province in which the Group is already enjoying a leading position.

The annual rental payable by Danyang Store to Danyang Golden Eagle Tiandi shall be equivalent to the aggregate of:

(a) with retrospective effect, for the period from 1 January 2015 to 30 April 2015, RMB1.0 million;

(b) for the period from 1 May 2015 to the expiry date of the Danyang Tenancy Agreement shall be equivalent to the aggregate of:

    (i) with respect to those concessionaires, the Applicable Rental on Concessionaires (4%);

    (ii) with respect to sub-letting of units, the Applicable Rental on Sub-letting;

    (iii) with respect to supermarket operations, the Applicable Rental on Supermarket Operations.

As ancillary facilities and services to the lease, Danyang Golden Eagle Tiandi shall also provide (i) free car parking spaces to the customers of Danyang Store whereas Danyang Store shall pay car parking fees at not less than 20% discount of the normal car parking rate offered by Danyang Golden Eagle Tiandi to the general public from time to time, which is currently RMB6.0 per hour (with first hour free of charge) but is temporarily free of charge to Danyang Store, as part of the value-added customer services of Danyang Store; and (ii) property management services, including but not limited to the provision of cleaning, environmental and greenery services, in respect of the nearby area outside the Danyang Store at the actual costs incurred by Danyang Golden Eagle Tiandi plus a mark-up of 10%.

The consideration was arrived at after arm's length negotiations taking into account that the property was delivered to the Group at roughcast state and with reference to the prevailing market rate. The rental expenses paid by the Group to Danyang Golden Eagle Tiandi under the Danyang Tenancy Agreement for the year ended 31 December 2021 amounted to RMB7,635,000.

* *For identification purpose only*

Lease of property for lifestyle centre operation from Nanjing Jiangning Technology by Nanjing Jiangning Store

On 18 March 2015, 南京江寧金鷹購物中心有限公司 (Nanjing Jiangning Golden Eagle Shopping Centre Co., Ltd.* or where the context so requires, the lifestyle centre operated by such company ("Nanjing Jiangning Store")) entered into a tenancy agreement in respect of the lease of basement 2nd to 5th floor, Nanjing Jiangning Golden Eagle Tiandi Plaza with an aggregate GFA of approximately 144,710 square metres (the "Jiangning Tenancy Agreement") with 南京江寧金鷹科技實業有限公司 (Nanjing Jiangning Golden Eagle Technology Industry Co., Ltd.*) ("Nanjing Jiangning Technology"), a connected person of the Company as it is a company ultimately and wholly-owned by Mr. Wang, for a term of 20 years commencing from 3 July 2015. The purpose of entering into the Jiangning Tenancy Agreement is to further solidify the Group's presence, market share and competitiveness in Nanjing in which the Group is already enjoying a leading position.

The annual rental payable by Nanjing Jiangning Store to Nanjing Jiangning Technology shall be equivalent to the aggregate of:

(a) with respect to those concessionaires, the Applicable Rental on Concessionaires (4.5%);

(b) with respect to sub-letting of units, the Applicable Rental on Sub-letting;

(c) with respect to supermarket operations, the Applicable Rental on Supermarket Operations.

As ancillary facilities and services to the lease, Nanjing Jiangning Technology shall also provide (i) free car parking spaces to the customers of Nanjing Jiangning Store whereas Nanjing Jiangning Store shall pay car parking fees at not less than 20% discount of the normal car parking rate offered by Nanjing Jiangning Technology to the general public from time to time, which currently is RMB3.0 per hour, as part of the value-added customer services of Nanjing Jiangning Store; and (ii) property management services, including but not limited to the provision of cleaning, environmental and greenery services, in respect of the nearby area outside the Nanjing Jiangning Store at the actual costs incurred by Nanjing Jiangning Technology plus a mark-up of 10%.

The consideration was arrived at after arm's length negotiations taking into account that the property was delivered to the Group at renovated state and with reference to the prevailing market rate. The rental expenses and property management fees paid by the Group to Nanjing Jiangning Technology under the Jiangning Tenancy Agreement for the year ended 31 December 2021 amounted to RMB58,763,000.

* *For identification purpose only*

Lease of property for lifestyle centre operation from Ma'anshan Golden Eagle Tiandi by Ma'anshan Store

On 18 March 2015, 馬鞍山金鷹國際購物中心有限公司 (Ma'anshan Golden Eagle International Shopping Centre Co., Ltd.* or where the context so requires, the lifestyle centre operated by such company ("Ma'anshan Store")) entered into a tenancy agreement (the "Ma'anshan Tenancy Agreement") in respect of the lease of a portion of basement 1st floor, 1st floor to 8th floor, Podium Building, Ma'anshan Golden Eagle Tiandi Plaza with an aggregate GFA of approximately 87,567.86 square metres ("Ma'anshan Lease Area") with 馬鞍山金鷹天地實業有限公司 (Ma'anshan Golden Eagle Tiandi Industry Co., Ltd.*) ("Ma'anshan Golden Eagle Tiandi"), a connected person of the Company as it is a company ultimately and wholly-owned by Mr. Wang, for a term of 20 years commencing from 29 August 2015. The purpose of entering into the Ma'anshan Tenancy Agreement is to facilitate the Group to gradually build up presence, market share and competitiveness in Anhui Province.

On 30 September 2021, the aforesaid parties entered into a supplemental agreement in respect of the lease of the remaining portion of basement 1st floor, 1st to 5th floors, Podium Building, Ma'anshan Golden Eagle Tiandi Plaza with an aggregate GFA of approximately 40,870.88 square metres (the "Additional Ma'anshan Lease Area", together with the Ma'anshan Lease Area collectively referred to as the "Total Ma'anshan Lease Area" which with an aggregated GFA of approximately 128,438.74 square metres) for a term commencing from 16 December 2021, the effective date of the supplemental agreement, to 28 August 2035.

The annual rental payable by Ma'anshan Store to Ma'anshan Golden Eagle Tiandi shall be equivalent to the aggregate of:

(a) with respect to those concessionaires, the Applicable Rental on Concessionaires (4.5%);

(b) with respect to sub-letting of units, the Applicable Rental on Sub-letting;

(c) with respect to supermarket operations, the Applicable Rental on Supermarket Operations.

As ancillary facilities and services to the lease, Ma'anshan Golden Eagle Tiandi shall also provide (i) free car parking spaces to the customers of Ma'anshan Store whereas Ma'anshan Store shall pay car parking fees at not less than 20% discount of the normal car parking rate offered by Ma'anshan Golden Eagle Tiandi to the general public from time to time, which currently is RMB3.0 per hour, as part of the value-added customer services of Ma'anshan Store; and (ii) property management services, including but not limited to the provision of cleaning, environmental and greenery services, in respect of the nearby area outside the Total Ma'anshan Tiandi Lease Area at the actual costs incurred by Ma'anshan Golden Eagle Tiandi plus a mark-up of 10%.

The consideration was arrived at after arm's length negotiations taking into account that the property was delivered to the Group at renovated state and with reference to the prevailing market rate. The rental expenses and carpark fees paid by the Group to Ma'anshan Golden Eagle Tiandi under the Ma'anshan Tenancy Agreement (as amended and supplemented) for the year ended 31 December 2021 amounted to RMB30,457,000.

* *For identification purpose only*

Lease of property for lifestyle centre operation from Nanjing Jianye Technology by Golden Eagle World Store

On 29 December 2017, 南京建鄴金鷹購物中心有限公司 (Nanjing Jianye Golden Eagle Shopping Centre Co., Ltd.* or where the context so requires, the lifestyle centre operated by such company ("Golden Eagle World Store") entered into a tenancy agreement (the "Golden Eagle World Tenancy Agreement") in respect of the lease of a portion of basement 1st floor, 1st to 9th floor, Golden Eagle World Tower A with an aggregate GFA of approximately 227,396 square metres ("Golden Eagle World Lease Area") with 南京建鄴金鷹科技發展有限公司 (formerly known as 南京建鄴金鷹置業有限公司) (Nanjing Jianye Golden Eagle Technology Development Co., Ltd.*) ("Nanjing Jianye Technology"), a connected person of the Company as it is a company ultimately and wholly-owned by Mr. Wang, for a term of 20 years commencing from 18 November 2017. Golden Eagle World is the world's tallest asymmetric three-tower skyscraper with a total GFA of approximately 920,000 square metres. Tower A is the tallest among the three towers with 368 metres high and the other two towers with 328 metres and 300 metres high respectively. The three towers are connected with a skyscraper corridor which is at 190 metres above the ground. Golden Eagle World is expected to become a new commercial landmark and tourism destination in eastern China and even the entire China. The opening of Golden Eagle World Store is expected to reinforce the Group's leading industry position in Yangtze River Delta region and become a long-term growth driver for the Group in the next two decades.

On 3 July 2019, the aforesaid parties entered into a supplemental agreement in respect of the lease of basement 2nd floor of Golden Eagle World Tower A with a GFA of approximately 23,623 square metres (the "Additional Golden Eagle World Lease Area", together with the Golden Eagle World Lease Area collectively referred to as the "Total Golden Eagle World Lease Area" which with an aggregated GFA of approximately 251,019 square metres) for a term commencing from 18 October 2019, the effective date of the supplemental agreement, to 17 November 2037.

The annual rental payable by Golden Eagle World Store to Nanjing Jianye Technology shall be equivalent to the aggregate of:

(a) with respect to those concessionaires, the Applicable Rental on Concessionaires (4.5%);

(b) with respect to sub-letting of units, the Applicable Rental on Sub-letting;

(c) with respect to supermarket operations, the Applicable Rental on Supermarket Operations.

As ancillary facilities and services to the lease, Nanjing Jianye Technology shall also provide (i) free car parking spaces to the customers of Golden Eagle World Store whereas Golden Eagle World Store shall pay carparking fees at not less than 20% discount of the normal car parking rate offered by Nanjing Jianye Technology to the general public from time to time, which currently is RMB6.0 per hour, as part of the value-added customer services of Golden Eagle World Store; and (ii) property management services, including but not limited to the provision of cleaning, environmental and greenery services, in respect of the nearby area outside the Total Golden Eagle World Lease Area at the actual costs incurred by Nanjing Jianye Technology plus a mark-up of 10%.

The consideration was arrived at after arm's length negotiations taking into account the Golden Eagle World Lease Area was delivered to the Group at renovated state and with reference to the prevailing market rate. The rental expenses, property management fees and carpark fees paid by the Group to Nanjing Jianye Technology under the Golden Eagle World Tenancy Agreement (as amended and supplemented) for the year ended 31 December 2021 amounted to RMB130,988,000.

* *For identification purpose only*

Lease of property for supermarket operation from Lianyungang Properties by Lianyungang Supermarket

On 31 December 2018, 連雲港金鷹國際購物中心有限公司 (Lianyungang Golden Eagle International Shopping Centre Co., Ltd.* or where the context so requires, the supermarket operated by such company ("Lianyungang Supermarket")) entered into a tenancy agreement in respect of the lease of basement floor of Block 11, Golden Eagle International Garden with a GFA of approximately 938 square metres (the "Lianyungang Tenancy Agreement") with 連雲港金鷹置業有限公司 (Lianyungang Golden Eagle Properties Co., Ltd.*) ("Lianyungang Properties"), a connected person of the Company as it is a company ultimately and wholly-owned by Mr. Wang, for a term of 3 years commencing from 1 January 2019. The annual rental and property management fees payable by Lianyungang Supermarket under the Lianyungang Tenancy Agreement shall be RMB137,000 and RMB22,500 respectively. The purpose of entering into the Lianyungang Tenancy Agreement is to facilitate the Group to secure tenancy for the prime location for its first standalone supermarket store in Jiangsu Province.

On 30 September 2021, Lianyungang Supermarket entered into another tenancy agreement in respect of the lease of the same premise with Lianyungang Properties for a term of 3 years commencing from 1 January 2022. The annual rental and property management fee payables by Lianyungang Supermarket under the agreement shall be RMB137,000 and RMB22,500 respectively.

The consideration was arrived at after arm's length negotiations and with reference to the prevailing market rate. The rental expenses and property management fees paid by the Group to Lianyungang Properties under the Lianyungang Tenancy Agreement for the year ended 31 December 2021 amounted to RMB131,000 and RMB21,000, respectively.

Lease of property for aquarium operation from Yancheng Technology by Yancheng Aquarium

On 31 December 2018, 鹽城金鷹聚龍湖購物中心有限公司海洋世界分公司 (formerly known as 金鷹國際海洋世界鹽城有限公司) (Yancheng Golden Eagle Julonghu Shopping Centre Co., Ltd. (Ocean World Branch)* ("Yancheng Ocean World") or where the context so requires, the aquarium operated by such company ("Yancheng Aquarium")) entered into a tenancy agreement in respect of the lease of basement 1st floor of Yancheng Golden Eagle Tiandi Plaza with a GFA of approximately 5,000 square metres (the "Yancheng Aquarium Tenancy Agreement") with Yancheng Technology for a term of 3 years commencing from 1 January 2019. The annual rental payable by Yancheng Aquarium under the Yancheng Aquarium Tenancy Agreement shall be equivalent to 3% of the gross sales proceeds derived from the operations of Yancheng Aquarium. The purpose of entering into the Yancheng Aquarium Tenancy Agreement is to allow the Group to secure tenancy for prime location which is in close proximity to Yancheng Julonghu Store, one of the Group's best performing young stores at Yancheng City, to create synergy among Yancheng Julonghu Store and Yancheng Aquarium, attract young family customers, and fulfill target customers' need for diversified, entertaining and interesting lifestyle experiences, so as to enhance Yancheng Julonghu Store's competitiveness. Yancheng Ocean World was merged into Yancheng Julonghu Shopping after a series of group reorganisation and officially became Yancheng Julonghu Shopping's branch office in March 2019.

* *For identification purpose only*

Directors' Report

On 30 September 2021, Yancheng Aquarium entered into another tenancy agreement in respect of the lease of the same premise with Yancheng Technology for a term of 3 years commencing from 1 January 2022. The annual rental payable by Yancheng Aquarium under the agreement shall be equivalent to 3% of the gross sales proceeds derived from the operations of Yancheng Aquarium.

The consideration was arrived at after arm's length negotiations taking into account the long-term development of the Group. The rental expenses paid by the Group to Yancheng Technology under the Yancheng Aquarium Tenancy Agreement for the year ended 31 December 2021 amounted to RMB93,000.

Cooperation Agreement on Property Lease (Offices)

On 29 September 2020, Golden Eagle International Trading Limited 金鷹國際貿易有限公司 ("Golden Eagle Trading") entered into a cooperation agreement on property leases in respect of various office premises owned by Golden Eagle International Group or its subsidiaries located in various parts of the PRC (the "Cooperation Agreement on Property Lease (Offices)") with Golden Eagle International Group commencing from 1 January 2021 or the date on which the relevant parties have entered into formal implementation agreement from time to time (whichever is the later) until 31 December 2023. The parties will enter into each implementation agreement on a yearly basis ending on the 31 December of the relevant year. The purpose of entering into the Cooperation Agreement on Property Lease (Offices) is to establish a framework for the Group to lease and use various office premises owned by Golden Eagle International Group or its subsidiaries from time to time and will facilitate the Group to arrange lease arrangements in a flexible manner.

Golden Eagle International Group agrees to lease, and procure its subsidiaries to lease, to Golden Eagle Trading or its invested entities, including its subsidiaries, various office premises owned by Golden Eagle International Group or its subsidiaries at a reasonable discount of the market rate in those cities where the relevant office premises are located which shall be payable by the lessee to the lessor in accordance with the relevant detailed implementation agreement. The exact amount of discount will be negotiated in good faith between the parties with reference to the market rate at the material time.

The consideration was arrived at after arm's length negotiations and with reference to the prevailing market rate. The rental expenses paid by the Group to Golden Eagle International Group and its subsidiaries under the Cooperation Agreement on Property Lease (Offices) for the year ended 31 December 2021 amounted to RMB6,549,000.

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Cooperation Agreement on Property Lease (Convenience Stores)

On 29 September 2020, 南京金鷹便利超市管理有限公司 (Nanjing Golden Eagle Convenience Store and Supermarket Management Co., Ltd.*) ("Golden Eagle Convenience Store") on one part, and Golden Eagle International Group and 南京新百集團控股有限公司 (Nanjing Xinbai Group Holding Co., Ltd.*) ("Nanjing Xinbai Group") on the other part, entered into a cooperation agreement on property leases in respect of various premises owned by Golden Eagle International Group, Nanjing Xinbai Group or their respective subsidiaries located in various parts of the PRC for 7-Eleven convenience stores operation (the "Cooperation Agreement on Property Lease (Convenience Stores)") commencing from 1 January 2021 or the date on which the relevant parties have entered into formal implementation agreement from time to time (whichever is the later) until 31 December 2023. The parties will enter into each implementation agreement on a yearly basis ending on the 31 December of the relevant year. The purpose of entering into the Cooperation Agreement on Property Lease (Convenience Stores) is to establish a framework for the Group to lease and use various retail shop premises owned by Golden Eagle International Group, Nanjing Xinbai Group or their respective subsidiaries from time to time and will facilitate the Group to arrange lease arrangements in a flexible manner. Nanjing Xinbai Group is a connected person of the Company as it is a company ultimately and wholly-owned by Mr. Wang.

Golden Eagle International Group and Nanjing Xinbai Group agree to lease, and procure their respective subsidiaries to lease, to Golden Eagle Convenience Store various retail shop premises owned by Golden Eagle International Group, Nanjing Xinbai Group or their respective subsidiaries at a reasonable discount of the market rate in those cities where the relevant retail shop premises are located which shall be payable by the lessee to the lessor in accordance with the relevant detailed implementation agreement. The exact amount of discount will be negotiated in good faith between the parties with reference to the market rate at the material time.

The consideration was arrived at after arm's length negotiations and with reference to the prevailing market rate. The rental expenses paid by the Group to Golden Eagle International Group, Nanjing Xinbai Group and their subsidiaries under the Cooperation Agreement on Property Lease (Convenience Stores) for the year ended 31 December 2021 amounted to RMB897,000.

Yangzhou Carpark Leasing Agreement

On 31 December 2018, 揚州金鷹新城市中心開發有限公司 (Yangzhou Golden Eagle New City Centre Development Co., Ltd.*) ("Yangzhou New City Centre") and 揚州金鷹國際物業管理有限公司 (Yangzhou Golden Eagle International Property Management Co., Ltd.*) ("Yangzhou Property Management"), a connected person of the Company as it is a company ultimately and wholly-owned by Mr. Wang, entered into a carpark leasing agreement (the "Yangzhou Carpark Leasing Agreement") in respect of the lease of carparks situated at basement 1st floor of Yangzhou Golden Eagle New City Centre Plaza with an aggregate GFA of approximately 31,982 square metres ("Yangzhou Golden Eagle Carpark") for a term of 3 years commencing from 1 January 2019. The annual rental payable to Yangzhou New City Centre for the lease of Yangzhou Golden Eagle Carpark for each of the three years ending 31 December 2021 shall be RMB400,000, RMB750,000 and RMB900,000 respectively. The entering into of the Yangzhou Carpark Leasing Agreement enables the Group to save the time and resources in managing Yangzhou Golden Eagle Carpark and helps the Group to continue to focus on its core businesses, including the development and operation of lifestyle centre and stylish department store chain in the PRC.

* *For identification purpose only*

The consideration was arrived at after arm's length negotiations taking into account (i) the car parking revenue expected to be generated from Yangzhou Golden Eagle Carpark; and (ii) the costs of managing the carpark. The rental income received by the Group under the Yangzhou Carpark Leasing Agreement for the year ended 31 December 2021 amounted to RMB826,000.

Master Carpark Leasing Agreement

On 30 December 2019, Golden Eagle (China) and Golden Eagle International Group entered into a master carpark leasing agreement (the "Master Carpark Leasing Agreement") in respect of the lease of various carparks owned by Golden Eagle (China) or its subsidiaries located in various parts of the PRC for a term of 3 years commencing from 1 January 2020 or the date on which the relevant parties have entered into formal implementation agreement under the Master Carpark Leasing Agreement from time to time (whichever is the later) until 31 December 2022. The entering into of the Master Carpark Leasing Agreement is to enable the Group to save the time and resources in managing the carparks owned by the Group and to help the Group to continue to focus on its core businesses, including the development and operation of lifestyle centre and stylish department store chain in the PRC.

Golden Eagle (China) agrees to lease, and procure its subsidiaries to lease, to Golden Eagle International Group or its subsidiaries, various carparks owned by Golden Eagle (China) or its subsidiaries which shall be payable by the lessee to the lessor in accordance with the relevant detailed implementation agreement. The annual rental payable by Golden Eagle International Group and its subsidiaries to Golden Eagle (China) and its subsidiaries for the lease of the respective carparks shall be equivalent to 92% of the revenue generated from the subject carpark, after deduction of the relevant operating costs and taxes. The utilities expenses and maintenance costs incurred by the relevant carparks shall be borne by the lessor.

The Yangzhou Carpark Leasing Agreement as disclosed in the paragraphs above will be renewed under the Master Carpark Leasing Agreement upon its expiry.

The terms of the Master Carpark Leasing Agreement were arrived at after arm's length negotiations taking into account the costs of managing the carparks. The rental income received by the Group under the Master Carpark Leasing Agreement for the year ended 31 December 2021 amounted to RMB11,621,000.

Property Management Services Agreements

On 30 December 2019, (i) Golden Eagle (China) and 南京金鷹物業資產管理有限公司 (Nanjing Golden Eagle Properties Asset Management Co., Ltd.*) ("Nanjing Golden Eagle Properties"); (ii) Golden Eagle (China) and 南京金鷹國際物業發展有限公司 (Nanjing Golden Eagle International Properties Development Co., Ltd.*) ("Nanjing Golden Eagle International Properties"); (iii) Nanjing Golden Eagle and Nanjing Zhujiang No. 1; (iv) 泰州金鷹商貿有限公司 (Taizhou Golden Eagle Retail Co., Ltd.*) ("Taizhou Golden Eagle Shopping") and 泰州金鷹天地投資管理有限公司 (Taizhou Golden Eagle Tiandi Investment Management Co., Ltd.*) ("Taizhou Golden Eagle Tiandi"); and (v) Xianlin Golden Eagle Shopping and Xianlin Technology, have entered into a master property management services agreement (collectively referred to as the "Master Property Management Services Agreements"), pursuant to which:

- Golden Eagle (China) agreed to engage Nanjing Golden Eagle Properties and Nanjing Golden Eagle International Properties to provide property management services to Nanjing Xinjiekou Store and those stores/operations/residential and/or office projects under its control, which includes, as at the date of this report, Yangzhou Store, Xuzhou Store, Xi'an Gaoxin Store, Kunming Store, Huai'an Store, Yancheng Store, Yangzhou Jinghua Store, Nanjing Hanzhong Store, Anhui Huaibei Store, Suqian Store, Xuzhou People's Square Store, Yancheng Outlet Store, Yancheng Julonghu Store, Nantong Lifestyle Centre, Danyang Store, Kunshan Store, Nanjing Jiangning Store, Anhui Ma'anshan Store, Nantong Renmin Road Store, Suzhou Store, Yangzhou New City Centre, Anhui Wuhu Store, Anhui Wuhu New City Store, Anhui Wuhu Hotel, Changzhou Aquarium, Yancheng Aquarium, 7-Eleven convenience stores, Riverside Century Plaza Project, Yangzhou New City Centre Project and Changchun Golden Eagle World Project;

- Nanjing Golden Eagle agreed to engage Nanjing Zhujiang No. 1 to provide property management services to Nanjing Zhujiang Road Store;

- Taizhou Golden Eagle Shopping agreed to engage Taizhou Golden Eagle Tiandi to provide property management services to Taizhou Store; and

- Xianlin Golden Eagle Shopping agreed to engage Xianlin Technology to provide property management services to Nanjing Hubin Tiandi Store,

each for a term of 3 years commencing from 1 January 2020 to 31 December 2022.

Nanjing Golden Eagle Properties, Nanjing Golden Eagle International Properties and Taizhou Golden Eagle Tiandi are connected persons of the Company as they are companies ultimately and wholly-owned by Mr. Wang.

The entering into of the Master Property Management Services Agreements enables the Group to save the time and resources in managing and maintaining the Group properties and helps the Group to continue to focus on its core businesses, including the development and operation of lifestyle centre and stylish department store chain in the PRC. The property management services shall include but not limited to the provision of property (interior) maintenance, cleaning, environmental and greenery services and a fee equivalent to the actual costs incurred plus a mark-up of 10% will be charged. These fees were arrived at after arm's length negotiations between the respective parties and based on the principle of fairness and reasonableness with reference to the prevailing market rate. The aggregate amount of property management services fees paid by the Group under the Master Property Management Services Agreements for the year ended 31 December 2021 amounted to RMB91,204,000.

* *For identification purpose only*

Carpark Management Services Agreement

On 30 December 2019, Nanjing Golden Eagle and Nanjing Zhujiang No. 1 entered into a carpark management services agreement (the "Carpark Management Services Agreement") for a term of 3 years commencing from 1 January 2020, pursuant to which Nanjing Zhujiang No. 1 shall provide free car parking spaces to the customers of Nanjing Zhujiang Store whereas Nanjing Zhujiang Store shall pay carpark fees at a rate of RMB8.0 per hour to Nanjing Zhujiang No. 1 as part of the value-added services provided for its customers. The entering into of the Carpark Management Services Agreement enables the Group to provide better services to its customers in order to enhance sales performance.

The carpark management services fee was arrived at after arm's length negotiations between the parties and with reference to the prevailing market rate. The amount of carpark management services fees paid by the Group to Nanjing Zhujiang No. 1 under the Carpark Management Services Agreement for the year ended 31 December 2021 amounted to RMB696,000.

Project Management Services Agreement

On 30 December 2019, Golden Eagle (China) and Golden Eagle International Group entered into a project management services agreement (the "Project Management Services Agreement") for a term of 3 years commencing from 1 January 2020, pursuant to which Golden Eagle International Group shall provide project management services including design, purchase of building materials and construction of the Group's new stores to Golden Eagle (China).

The entering into of the Project Management Services Agreement enables the Group to save the time and resources and to continue to focus on its core businesses, including the development and operation of lifestyle centre and stylish department store chain in the PRC. Golden Eagle International Group shall provide project management services to the Group at a fee not exceeding 5% of the total estimated construction costs to be agreed by both parties. These fees were arrived at after arm's length negotiations between the parties and with reference to the prevailing market rate and on terms no less favorable than (i) the terms the Group can obtain from third party service providers in the market and (ii) the terms offered by Golden Eagle International Group to other independent third parties.

No project management service fee has been paid by the Group under the Project Management Services Agreement for the year ended 31 December 2021.

Decoration Services Agreement

On 30 December 2019, Golden Eagle (China) entered into the fifth supplemental agreement to the decoration services agreement dated 26 February 2006 (as supplemented by the supplemental agreements dated 18 December 2007, 16 November 2010, 19 December 2013 and 23 December 2016) (collectively referred to as the "Decoration Services Agreement") with 南京金鷹工程建設有限公司 (Nanjing Golden Eagle Construction Work Co., Ltd.*) ("Golden Eagle Construction Work"), a connected person of the Company as it is a company ultimately and wholly-owned by Mr. Wang, to extend the service period for a term of 3 years commencing from 1 January 2020. The entering into of the Decoration Services Agreement enables the Group to save the time and resources and to continue to focus on its core businesses, including the development and operation of lifestyle centre and stylish department store chain in the PRC.

Golden Eagle Construction Work shall provide decoration services to the existing and new retail stores of the Group at such fees to be determined after arm's length negotiations from time to time with reference to the specific decoration works to be performed, the prevailing market rate and on terms no less favourable than (i) the terms the Group can obtain from third party service providers in the market and (ii) the terms offered by Golden Eagle Construction Work to other independent third parties.

The service fees paid by the Group under the Decoration Services Agreement for the year ended 31 December 2021 amounted to RMB85,099,000.

Motor Group Management Agreement

On 29 September 2020, Golden Eagle (China) entered into the second supplemental agreement to the management agreement dated 3 December 2014 (as supplemented by the supplemental agreement dated 29 December 2017) (collectively referred to as the "Motor Group Management Agreement") with 南京金鷹國際投資管理有限公司 (Nanjing Golden Eagle International Investment Management Co., Ltd.*) ("Golden Eagle Investment Management"), to extend the service period for a term of 3 years commencing from 1 January 2021. Pursuant to the Motor Group Management Agreement, Golden Eagle (China) is delegated with the tasks of managing the daily operation of 南京金鷹國際汽車銷售服務集團有限公司 (Nanjing Golden Eagle International Motor Sales Services Group Co., Ltd.*) ("Nanjing Golden Eagle Motor") and its subsidiaries, the direct and indirect wholly-owned subsidiaries of Golden Eagle Investment Management. Golden Eagle Investment Management and Nanjing Golden Eagle Motor are connected persons of the Company as they are companies ultimately and wholly-owned by Mr. Wang.

Due to the cessation of the Group's operations in automobile sales, services and exhibition in the PRC during the year 2021, the aforesaid parties entered into a termination agreement on 14 February 2022, to early terminate the Motor Group Management Agreement with effect from 31 December 2021.

The management fee was arrived at after arm's length negotiations and with reference to the scope of services to be provided by Golden Eagle (China). The management fee income received by the Group under the Motor Group Management Agreement for the year ended 31 December 2021 amounted to RMB468,000.

* *For identification purpose only*

Street Shop Management Agreement

On 29 December 2020, Golden Eagle (China) and Golden Eagle International Group entered into a management agreement in respect of street shop properties (the "Street Shop Properties") which are being owned, or will be owned, by Golden Eagle International Group or its subsidiaries from time to time (the "Street Shop Management Agreement"), pursuant to which Golden Eagle (China) and its subsidiaries are delegated with the tasks of managing the daily operation of the Street Shop Properties for a term of 3 years commencing from 1 January 2021.

As at the date of this report, these properties include standalone non-specialty street shops with aggregate leasable area of approximately 180,757 square metres held for lease in the cities of Nanjing, Taizhou, Yancheng, Suqian, Danyang and Kunshan which are all located at the prime shopping districts in the proximity of the chain stores being operated by the Group in the same city, namely Nanjing Hubin Tiandi Store, Taizhou Store, Yancheng Outlet Store, Yancheng Julonghu Store, Suqian Store, Danyang Store and Kunshan Store. The street shop properties situated at Ma'anshan which with an aggregate GFA of approximately 40,870.88 square metres (the Additional Ma'anshan Lease Area as defined under the paragraph above) was managed by the Group's Ma'anshan Store under the Street Shop Management Agreement during the year ended 31 December 2021 until the supplemental agreement to Ma'anshan Tenancy Agreement becomes effective on 16 December 2021.

Through the entering into of the Street Shop Management Agreement, synergies have been created further among the existing retail stores of the Group and the nearby Street Shop Properties (collectively, the "Enlarged Retail Complexes"), which are reflected in the following manners: (i) the Enlarged Retail Complexes and different retail format features (retail stores versus street shops) allow the Group to plan and procure merchandise and leased tenants in a more reasonable and effective manner and enable the Group to introduce more privileged brands. It enables the Group to enlarge and enrich the range of its merchandise and lifestyle elements offerings, and the target customers can now experience a more dynamic shopping experience, thus increasing the foot traffic of the Enlarged Retail Complexes and enhancing the operating performance of the Group's chain stores and the Street Shop Properties; (ii) with the Group's well-established and experienced operation teams, operating costs of the Street Shop Properties are expected to decrease and net profit margin will be improved; and (iii) with the Street Shop Properties, the Group is able to enlarge its operating area without incurring additional costs and the management fee receivable under the management agreement provides another source of income for the Group and thus improve the Group's profit margin.

The management fee payable by Golden Eagle International Group and its subsidiaries to Golden Eagle (China) and its subsidiaries shall be calculated as follows:

(a) for the existing Street Shop Properties currently managed by Golden Eagle (China) or its subsidiaries upon the commencement of the Street Shop Management Agreement, 20% of the net rental income derived from the leasing operation of the Street Shop Properties after deducting the property tax, value-added tax and other relevant taxes (the "Net Rental Income") of the immediately preceding year (the "Base Management Fee"); and

(b) 50% of the excess portion of the Net Rental Income (if any) generated during each financial year, which exceeds the Net Rental Income generated in the immediately preceding year.

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For the new Street Shop Properties, 50% of the Net Rental Income generated during the first year of management shall be deemed as the management fee payable under the Street Shop Management Agreement and also be deemed as the Base Management Fee for the management fee calculation for the following year.

The management fee was arrived at after arm's length negotiations based on the principle of fairness and reasonableness and with reference to the scope of services to be provided by Golden Eagle (China) and its subsidiaries. The management fee income received by the Group under the Street Shop Management Agreement for the year ended 31 December 2021 amounted to RMB22,698,000.

Jinqiao Market Management Agreement

On 30 December 2019, Golden Eagle (China) on one part, 南京金橋市場管理有限公司 (Nanjing Jinqiao Market Management Co., Ltd.*) ("Nanjing Jinqiao Market") and 南京金橋燈飾市場經營管理有限公司 (Nanjing Jinqiao Lighting Market Management Co., Ltd.*) ("Nanjing Jinqiao Lighting Market") on the other part, entered into a management agreement (the "Jinqiao Market Management Agreement") in respect of those wholesale and retail markets which are being owned, or will be owned, by Nanjing Jinqiao Market and Nanjing Jinqiao Lighting Market (the "Jinqiao Markets"), pursuant to which Golden Eagle (China) and its subsidiaries are delegated with the tasks of managing the daily operation of the Jinqiao Markets for a term of 3 years commencing from 1 January 2020. Nanjing Jinqiao Market and Nanjing Jinqiao Lighting Market are connected persons of the Company as they are companies ultimately and wholly-owned by Mr. Wang.

As at the date of this report, these properties include three large scale wholesale and retail markets with aggregate leasable area of approximately 107,234 square metres for general merchandise, decorative materials, lighting and curtain fabrics located at Nanjing.

Through the entering into of the Jinqiao Market Management Agreement, synergies will be created among the existing stores of the Group at Nanjing and the Jinqiao Markets (collectively, the "Extended Retail Contents"), which are reflected in the following manner: (i) Jinqiao Markets are in different retail format and contents as compared to the Group's (retail stores versus wholesale and retail markets) which allows the Group to extend its retail contents, to enlarge and enrich the offerings of its value-for-money merchandise and lifestyle elements, and the target customers can now experience a more dynamic shopping experience, thus enhancing VIP customers' satisfaction and loyalty, so as to enhance the operating performance of the Group's chain stores and the Jinqiao Markets; (ii) with the Group's well-established and experienced operation teams, operating costs of the Jinqiao Markets are expected to decrease and profitability will be improved, and competitive operating costs is crucial for the Jinqiao Markets which has been facing fierce competition from the surrounding comparable wholesale and retail markets; and (iii) with the Jinqiao Markets, the Group is able to enlarge its operating area and extend its retail contents without incurring additional costs while the management fee receivable under the management agreement provides another source of income for the Group and thus improve the Group's profit margin.

* *For identification purpose only*

The management fee payable by Nanjing Jinqiao Market and Nanjing Jinqiao Lighting Market to Golden Eagle (China) shall be the aggregate of:

(a) the annual base management fee of RMB8,000,000; and

(b) 50% of the increase in net profit (excluding the annual base management fee in (a) above from the net profit calculation) as compared with the immediately preceding year.

Nanjing Jinqiao Market and Nanjing Jinqiao Lighting Market shall bear the daily operation expenses including employee and welfare expenses, utilities expenses, property management fees, maintenance fees etc. incurred during the operation of the Jinqiao Markets.

The management fee was arrived at after arm's length negotiations based on the principle of fairness and reasonableness and with reference to the scope of services to be provided by Golden Eagle (China) and its subsidiaries. The management fee income received by the Group under the Jinqiao Market Management Agreement for the year ended 31 December 2021 amounted to RMB7,547,000.

Integrated Services Agreement

On 31 December 2018, Lianyungang Supermarket entered into an integrated services agreement with Lianyungang Properties (the "Integrated Services Agreement") for a term of 3 years commencing from 1 January 2019. Pursuant to the Integrated Services Agreement, integrated services, including customer resources sharing, information technology and market promotion supports, training and service management, would be provided to Lianyungang Properties. The annual service fee to be received by the Group under the Integrated Services Agreement amounted to RMB2,000,000. The service fee provides another source of income for the Group and thus improve the Group's profit margin.

On 30 September 2021, Lianyungang Supermarket entered into another integrated services agreement with Lianyungang Properties with the same work scope for a term of 3 years commencing from 1 January 2022. The annual service fee to be received by the Group under the agreement amounted to RMB2,000,000.

The service fee was arrived at after arm's length negotiations based on the principle of fairness and reasonableness and with reference to the scope of services to be provided by Lianyungang Supermarket. The service fee income received by the Group under the Integrated Services Agreement for the year ended 31 December 2021 amounted to RMB1,887,000.

Procurement Agreement

On 30 September 2021, Golden Eagle (China) on one part, and Golden Eagle International Group and 南京展泰貿易有限公司 (Nanjing Zhantai Trading Co., Ltd.*) ("Nanjing Zhantai") on the other part, entered into a procurement agreement (the "Procurement Agreement"), pursuant to which Golden Eagle International Group, Nanjing Zhantai and their respective subsidiaries (the "Golden Eagle Fellow Group") will purchase such merchandise, products and goods available for sale in the retail stores operated by Golden Eagle (China) and/or its subsidiaries, including but not limited to liquor, tobacco, processed and unprocessed food, apparels and accessories and office supplies (the "Products"), for their normal operation and administration purposes, from time to time.

The purchases will be made by way of individual purchase orders. The selling price of the relevant Products ordered will be the same as the selling price Golden Eagle (China) and/or its subsidiaries offered to independent third party retail customers in the relevant city and at the relevant time without any form of discount or concession, or such other selling prices as determined and quoted to Golden Eagle Fellow Group by Golden Eagle (China) and its subsidiaries at their sole discretion. The entire purchase price shall be paid by Golden Eagle Fellow Group before it can collect such Products at the designated retail store/storage of Golden Eagle (China) and/or its subsidiaries. Such pricing and payment terms shall be fair and reasonable based on normal commercial terms and in any event they will not be more favourable to the Golden Eagle Fellow Group than those offered to independent third party retail customers by Golden Eagle (China) and/or its subsidiaries for the same product in the relevant city and at the relevant time.

No purchases were made by the Golden Eagle Fellow Group under the Procurement Agreement for the year ended 31 December 2021.

Views of the auditors and independent non-executive Directors

The auditor of the Company have provided a letter to the Board pursuant to Rule 14A.56 of the Listing Rules confirming that, for the year ended 31 December 2021, the continuing connected transactions (i) have received the approval of the Board; (ii) have been entered into in accordance with the terms of the agreements governing the transactions; (iii) have not exceeded the caps disclosed in the relevant announcements made by the Company; and (iv) were in accordance with the pricing policies of the Group if the transactions involved the provision of goods and services by the Group.

Each of the independent non-executive Directors has confirmed that all the above continuing connected transactions have been entered into by the Group in the ordinary and usual course of its business, either on normal commercial terms or on terms no less favorable to the Company than terms available to or from (as appropriate) independent third parties, and in accordance with the terms of the relevant agreements governing the above continuing connected transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The related party transactions with fellow subsidiaries of the Group as disclosed in note 41 to the consolidated financial statements constituted continuing connected transactions of the Group. Those transactions have complied with the requirements for connected transactions under Chapter 14A of the Listing Rules.

* *For identification purpose only*

Directors' Report

CONNECTED TRANSACTIONS

Status of Connected Transactions Pending Completion

The following were the status of the Group's non-exempt connected transactions which are pending completion:

Nanjing Xinjiekou Store Block B Framework Agreement

On 9 November 2009, the Group and Golden Eagle International Group entered into a framework agreement, pursuant to which Golden Eagle International Group agreed to develop and sell, and the Group agreed to acquire, the whole of 1st to 6th floors and portion of basement 2nd floor of Golden Eagle Centre Tower B (the "Nanjing Xinjiekou Store Block B Property"), a 42-storey building with 5 levels of basement located adjacent to Nanjing Xinjiekou Store Block A and is legally and beneficially owned by Golden Eagle International Group.

The consideration of RMB875.0 million (subject to adjustment) for the acquisition of Nanjing Xinjiekou Store Block B Property was calculated based on RMB17,500 per square metre and the estimated aggregate GFA of approximately 50,000 square metres and may be adjusted depending on the GFA of Nanjing Xinjiekou Store Block B Property actually to be delivered to the Group upon completion. In the event that the actual GFA is less than 50,000 square metres, the remaining balance of the outstanding consideration will be adjusted downward. If the amount to be deducted exceeds the balance of the consideration, Golden Eagle International Group shall pay such shortfall to the Group within 5 business days after the transfer of the title of Nanjing Xinjiekou Store Block B Property to the Group.

The purpose of the acquisition of Nanjing Xinjiekou Store Block B Property with an estimated aggregate GFA of approximately 50,000 square metres is to increase the operating area of Nanjing Xinjiekou Store and the consideration will be paid by instalments in accordance with the pre-determined construction phases. The construction of Nanjing Xinjiekou Store Block B Property was completed and Nanjing Xinjiekou Store Block B commenced soft opening in April 2014. It is expected that the GFA to be delivered to the Group will be approximately 50,448.55 square metres and the outstanding consideration will be adjusted upward by approximately RMB7.8 million, resulting in an adjusted total consideration of RMB882.8 million. As at the date of this report, the Group was still liaising with the relevant governmental authorities on the acquisition and considering other alternatives in the event that there are any hurdles in the acquisition.

Details of the transaction have been disclosed in the Company's announcement and circular dated 11 November 2009 and 2 December 2009 respectively.

Kunshan Framework Agreement

On 28 March 2011, the Group entered into a cooperation framework agreement with 昆山金鷹信息科技發展有限公司 (formerly known as 昆山金鷹置業有限公司) (Kunshan Golden Eagle Information Technology Development Co., Ltd.*) ("Kunshan Golden Eagle Technology"), being a connected person of the Company as it is a company ultimately and wholly-owned by Mr. Wang, for the acquisition of a property which is situated at Kunshan City, Jiangsu Province.

The property comprises the whole of 1st to 8th floors and basements B1 and B2 of Kunshan Tiandi Project (as defined in the circular dated 4 June 2015) with an aggregate GFA of approximately 118,500 square metres (the "Kunshan Property"). Kunshan Tiandi Project is a commercial complex comprising retail, hotel, office and residential area located at the south side of Dongxin Street and the east side of Zhujiang Road, Kunshan Development Zone at Kunshan with an estimated aggregate GFA of approximately 400,000 square metres and is legally and beneficially owned by Kunshan Golden Eagle Technology.

The consideration of RMB1,125.8 million (subject to adjustment) for the acquisition of Kunshan Property was calculated based on RMB9,500 per square metre and the estimated aggregate GFA of approximately 118,500 square metres and may be adjusted depending on the GFA of Kunshan Property actually to be delivered to the Group upon completion. The consideration will be paid by instalments in accordance with the pre-determined construction phases. The construction of the Kunshan Property was completed and Kunshan Store commenced soft opening in January 2015. It is anticipated that the title of Kunshan Property will transfer to the Group in 2023.

The Board believes that the acquisition of the Kunshan Property and its development into a mega lifestyle centre will enable the Group to further enhance its presence, market share and competitiveness in Jiangsu Province in which the Group is already enjoying a leading position.

Details of the transaction have been disclosed in the Company's announcement and circular dated 28 March 2011 and 21 April 2011 respectively.

DISCLOSURE UNDER RULES 13.18 AND 13.21 OF THE LISTING RULES

On 7 April 2021, the Group entered into a dual-currency three-year syndicated loan facility agreement in the principal amounts of USD420.0 million and HK$1,408.0 million (in aggregate equivalent to approximately RMB3,941.5 million) with a group of financial institutions, which is due for full repayment in April 2024 (the "Syndicated Loan Facility Agreement").

Pursuant to the terms of the Syndicated Loan Facility Agreement, it constitutes, among others, an event of default if at any time while the entire or part of the syndicated loan facility remains outstanding, Mr. Wang ceases to (i) hold directly or indirectly not less than 51% of the beneficial interest in the Company; (ii) be the single largest shareholder of the Company; (iii) be the Chairman and executive Director of the Company; or (iv) maintain the management control of the Company or have the right to determine the composition of majority of the Board. Upon occurrence of an event of default, all outstanding loans together with accrued interest and any other amounts accrued under the Syndicated Loan Facility Agreement may become immediately due and payable. The facility was fully utilised and remained outstanding as at 31 December 2021.

* *For identification purpose only*

Directors' Report

DEED OF NON-COMPETITION

Pursuant to a deed of non-competition dated 26 February 2006 (the "Deed of Non-Competition") executed by Mr. Wang, GEICO Holdings Limited and Golden Eagle International Retail Group Limited, the controlling shareholders of the Company (collectively referred to as the "Covenantors") in favour of the Company, the Covenantors have given certain undertakings that, inter alia, they will not engage in the business of retail trade in merchandise in the form of department store and granted certain rights to the Company (including but not limited to the Shanghai Shopping Option, the Xinbai Shopping Option and the Right of First Refusal) (as defined in the prospectus of the Company dated 8 March 2006) (collectively, the "Undertakings").

In July 2011, it was resolved at the general meeting of the Company that it would not exercise its right of first refusal to acquire approximately 17% of the entire issued share capital of 南京新街口百貨商店股份有限公司 (Nanjing Xinjiekou Department Store Co., Ltd.*), details of which are set out in the announcement of the Company dated 6 June 2011 and the circular of the Company dated 11 July 2011.

The Directors (including the independent non-executive Directors) do not consider that it is necessary for the Company to decide to exercise or not to exercise the Shanghai Shopping Option, the Xinbai Shopping Option and the Right of First Refusal for the time being.

The Covenantors have made an annual declaration confirming that they have fully complied with the Undertakings. The independent non-executive Directors have also reviewed as to whether the Covenantors have fully complied with the Undertakings during the year under review and they are satisfied that the Covenantors were in full compliance with the same.

EMOLUMENT POLICY

The emolument policy for the employees of the Group is stipulated by the Directors on the basis of the employees' individual performance, qualifications and competence.

The emoluments of the Directors are determined by the remuneration committee of the Board, having regard to the Company's operating results, individual performance and comparable market statistics.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's largest customer and five largest customers taken together were less than 30% of the Group's total sales for the year. The aggregate purchases attributable to the Group's largest supplier and five largest suppliers taken together were less than 30% of the Group's total purchases for the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

* *For identification purpose only*

Directors' Report

AUDIT COMMITTEE

The Audit Committee, together with the auditors of the Company, has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2021. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and discussed with the management the Group's auditing, risk management, internal control and financial reporting matters.

ADOPTION OF CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all Directors, and the Directors have confirmed that they have complied with all relevant requirements as set out in the Model Code during the year ended 31 December 2021.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company 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 2022 AGM to be held on Thursday, 2 June 2022, 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.

TAX RELIEF

The Company is not aware of any relief from taxation available to shareholders by reason of their holding of the shares of the Company.

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on the information publicly available to the Company, there was sufficient public float as required by the Listing Rules throughout the year ended 31 December 2021.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association and the Companies Act of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

DONATIONS

Charitable and other donations made by the Group for the year ended 31 December 2021 amounted to approximately RMB195,000 (2020: RMB85,000).

Directors' Report

AUDITORS

A resolution to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company will be proposed at the 2022 AGM.

On behalf of the Board

Wang Hung, Roger
Chairman

23 March 2022

Independent Auditor's Report

Deloitte. 德勤

TO THE SHAREHOLDERS OF GOLDEN EAGLE RETAIL GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Golden Eagle Retail Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 113 to 218, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Independent Auditor's Report

Key audit matter	**How our audit addressed the key audit matter**
Revenue recognition During the year, revenue generated from retail operations, including commission income from concessionaire sales and direct sales amounted to RMB4,498,707,000. Revenue generated from direct sales is recognised when control of the goods has been transferred, being at the point the customer purchases the goods at the retail store. Revenue generated from concessionaire sales is recognised in the amount of any fee or commission to which the Group entitled in exchange for arranging for the specified goods or services provided by other parties. Revenue is one of the key performance indicators of the Group. Given the significant balances and volume of transactions processed, we consider the revenue recognition as a key audit matter. The accounting policy of revenue recognition and analysis of revenue are included in notes 3 and 5 to the consolidated financial statements, respectively.	Our procedures in relation to the revenue recognition of retail operations included: • Assessing, with the assistance of our internal information technology specialists, the design, implementation and operating effectiveness of the Group's key internal controls over revenue recognition process, and the general information technology environment in which the business system operate, including access to program controls, program change controls and data centre and network operations controls; • Checking, with the assistance of our internal information technology specialists, the completeness of sales records generated from the business system; • Testing the key manual control over the daily reconciliations of the data records generated from the business system to the receipt/receivable records from banks and other financial institutions; • Performing analytical procedures to assess the reasonableness of sales records generated from the business system during the year; and • Involving our internal information technology specialists in testing the end-to-end reconciliations from data records of the business system to the accounting records.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the directors of the Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matter. We describe the matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Wong Shun Yu.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
23 March 2022

Consolidated Statement of Profit or Loss

For the Year ended 31 December 2021

	NOTES	2021 RMB'000	2020 RMB'000
Revenue	5	**5,717,498**	5,588,268
Other income, gains and losses	7	**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	8	**79,616**	57,362
Finance costs	9	**(262,849)**	(325,369)
Profit before tax		**2,249,971**	2,182,952
Income tax expense	10	**(637,697)**	(629,056)
Profit for the year	11	**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)	14	**0.972**	0.938
– Diluted (RMB per share)	14	**N/A**	0.938

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year ended 31 December 2021

	2021 RMB'000	2020 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	15	**8,308,714**	8,474,084
Right-of-use assets	16	**2,541,874**	2,633,368
Investment properties	17	**2,506,671**	2,238,231
Intangible asset	18	**10,587**	11,252
Goodwill	19	**17,664**	17,664
Interests in associates	20	**154,991**	140,276
Interests in joint ventures	21	**14,211**	16,253
Other receivables	22	**58,265**	55,844
Equity instruments at fair value through other comprehensive income	23	**55,557**	71,608
Financial assets at fair value through profit or loss	23	**204,513**	231,960
Deferred tax assets	24	**43,143**	83,962
		13,916,190	13,974,502
Current assets			
Inventories		**369,370**	373,910
Properties under development for sale	25	**1,551,987**	1,225,678
Completed properties for sale	25	**635,288**	918,235
Trade and other receivables	22	**624,410**	715,119
Amounts due from fellow subsidiaries	26	**49,922**	39,081
Tax assets		**46,580**	31,841
Financial assets at fair value through profit or loss	23	**90,927**	106,330
Restricted cash	27	**26,121**	28,241
Bank balances and cash	27	**7,651,382**	6,670,166
		11,045,987	10,108,601
Current liabilities			
Trade and other payables	28	**4,116,750**	4,243,902
Amounts due to fellow subsidiaries	29	**167,726**	177,053
Lease liabilities	30	**30,646**	28,478
Tax liabilities		**577,075**	583,477
Prepayments from customers	31	**3,383,151**	3,115,938
Contract liabilities	31	**307,674**	360,059
Bank loans	32	**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

Consolidated Statement of Financial Position

At 31 December 2021

	NOTES	31 December 2021 RMB'000	31 December 2020 RMB'000
Non-current liabilities			
Bank loans	32	**3,673,788**	–
Senior notes	33	**2,406,167**	2,458,747
Other payables	28	**138,494**	123,275
Lease liabilities	30	**519,496**	550,135
Deferred tax liabilities	24	**900,744**	864,089
		7,638,689	3,996,246
Net assets		**8,636,548**	7,791,364
Capital and reserves			
Share capital	34	**175,146**	175,146
Reserves	35	**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

The consolidated financial statements on pages 113 to 218 were approved and authorised for issue by the board of directors on 23 March 2022 and are signed on its behalf by:

WANG HUNG, ROGER
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Attributable to owners of the Company												
	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Special reserve RMB'000 (note 35)	Property revaluation reserve RMB'000	Investment revaluation reserve RMB'000	Exchange reserve RMB'000	Share option reserve RMB'000	Statutory surplus reserve RMB'000 (note 35)	Retained profits RMB'000	Subtotal RMB'000	Attributable to non-controlling interests RMB'000	Total RMB'000
At 1 January 2020	176,832	21,221	27,692	217,228	269,676	(96,691)	10,463	5,128	1,164,664	5,058,983	6,855,196	98,771	6,953,967
Profit (loss) for the year	-	-	-	-	-	-	-	-	-	1,562,595	1,562,595	(8,699)	1,553,896
Other comprehensive expense for the year	-	-	-	-	-	(8,604)	(5,642)	-	-	-	(14,246)	-	(14,246)
Total comprehensive (expense) income for the year	-	-	-	-	-	(8,604)	(5,642)	-	-	1,562,595	1,548,349	(8,699)	1,539,650
Shares repurchased and cancelled	(1,686)	(21,221)	1,686	-	-	-	-	-	-	(100,514)	(121,735)	-	(121,735)
Equity instruments at fair value transferred to retained profits upon disposal	-	-	-	-	-	2,042	-	-	-	(2,042)	-	-	-
Transfer of share option reserve upon forfeiture of share options	-	-	-	-	-	-	-	(5,128)	-	5,128	-	-	-
Appropriation	-	-	-	-	-	-	-	-	69,076	(69,076)	-	-	-
Dividends recognised as distribution (note 13)	-	-	-	-	-	-	-	-	-	(580,518)	(580,518)	-	(580,518)
At 31 December 2020	**175,146**	**-**	**29,378**	**217,228**	**269,676**	**(103,253)**	**4,821**	**-**	**1,233,740**	**5,874,556**	**7,701,292**	**90,072**	**7,791,364**
Profit (loss) for the year	-	-	-	-	-	-	-	-	-	1,613,957	1,613,957	(1,683)	1,612,274
Other comprehensive income (expense) for the year	-	-	-	-	-	9,642	(4,007)	-	-	-	5,635	-	5,635
Total comprehensive income (expense) for the year	-	-	-	-	-	9,642	(4,007)	-	-	1,613,957	1,619,592	(1,683)	1,617,909
Equity instruments at fair value transferred to retained profits upon disposal	-	-	-	-	-	1,899	-	-	-	(1,899)	-	-	-
Appropriation	-	-	-	-	-	-	-	-	79,318	(79,318)	-	-	-
Dividends recognised as distribution (note 13)	-	-	-	-	-	-	-	-	-	(772,725)	(772,725)	-	(772,725)
At 31 December 2021	**175,146**	**-**	**29,378**	**217,228**	**269,676**	**(91,712)**	**814**	**-**	**1,313,058**	**6,634,571**	**8,548,159**	**88,389**	**8,636,548**

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	2021 RMB'000	2020 RMB'000
Operating activities		
Profit before tax	**2,249,971**	2,182,952
Adjustments for:		
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
Interest expenses	**262,849**	325,369
Net foreign exchange gain	**(144,701)**	(405,220)
Impairment loss recognised in interests in associates	**–**	2,000
Loss on other receivables as uncollectible	**–**	48,273
Loss on disposal/write-off of property, plant and equipment	**2,530**	35,112
Gain on deemed disposal of an associate	**(507)**	(404)
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 fair value through profit or loss	**(7,422)**	(14,927)
Fair value change of unquoted fund investment	**27,447**	(31,960)
Investment income from structured bank deposits	**(116,708)**	(110,352)
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)
Dividend income from equity investments	**(2,141)**	(2,828)
Gain on termination of leases	**(7,291)**	–
Share of results of associates	**(14,125)**	55,021
Share of results of joint ventures	**955**	2,126
Covid-19-related rent concessions	**(57)**	(241)
Operating cash flows before movements in working capital	**2,621,702**	2,478,316
Decrease (increase) in inventories	**4,540**	(20,375)
Increase in properties under development/completed properties for sale	**(279,901)**	(108,619)
(Increase) decrease in trade and other receivables	**(14,675)**	94,645
Increase in amounts due from fellow subsidiaries	**(11,094)**	(8,925)
(Decrease) increase in trade and other payables	**(83,324)**	2,026
Increase (decrease) in amounts due to fellow subsidiaries	**7,498**	(44,276)
Increase in prepayments from customers	**267,213**	259,592
(Decrease) increase in contract liabilities	**(63,448)**	183,110
Cash generated from operations	**2,448,511**	2,835,494
PRC income tax and land appreciation tax paid	**(534,065)**	(508,054)
Net cash generated from operating activities	**1,914,446**	2,327,440

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	2021 RMB'000	2020 RMB'000
Investing activities		
Investments in structured bank deposits	**(69,100,017)**	(75,624,040)
Redemption of structured bank deposits	**69,216,725**	76,345,462
Placement of restricted cash	**(242,216)**	(28,241)
Withdrawal of restricted cash	**244,336**	112,087
Purchase of:		
– financial assets at fair value through profit or loss	**(468,462)**	(456,773)
– equity instruments at fair value through other comprehensive income	**(5,817)**	(31,516)
Proceeds from disposal of:		
– financial assets at fair value through profit or loss	**491,287**	402,488
– equity instruments at fair value through other comprehensive income	**33,182**	69,772
Purchase of property, plant and equipment	**(332,934)**	(380,166)
Proceeds from disposal of property, plant and equipment	**2,251**	2,839
Return of investment from an associate	**410**	240
Return of investment from a joint venture	**1,018**	–
Investments in joint ventures	**–**	(6,230)
Investment in an associate	**(4,500)**	–
Interest received on bank deposits	**68,958**	33,898
Interest received on loan to a third party	**11,250**	11,250
Dividends received from equity investments	**2,141**	2,828
Payments of rental deposits	**(745)**	(118)
Refund of rental deposits	**749**	48
Loan to a third party	**–**	(100,000)
Repayment from a third party	**100,000**	–
Payment for a right-of-use asset	**(400)**	(13,350)
Proceed from partial disposal of a right-of-use asset	**–**	4,289
Net cash generated from investing activities	**17,216**	344,767

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	2021 RMB'000	2020 RMB'000
Financing activities		
New bank loans raised	**3,872,096**	515,000
Repayment of bank loans	**(3,818,932)**	(595,000)
Interest paid	**(217,322)**	(288,640)
Dividends paid to owners of the Company	**(772,725)**	(580,518)
Payments on repurchase and cancellation of shares	**–**	(121,735)
Repayments of leases liabilities	**(13,563)**	(12,410)
Net cash used in financing activities	**(950,446)**	(1,083,303)
Net increase in cash and cash equivalents	**981,216**	1,588,904
Cash and cash equivalents at beginning of the year, represented by bank balances and cash	**6,670,166**	5,081,262
Cash and cash equivalents at end of the year, represented by bank balances and cash	**7,651,382**	6,670,166

1. GENERAL INFORMATION

Golden Eagle Retail Group Limited (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 of the Company (the "Directors"), the Company's ultimate holding company is GEICO Holdings Limited ("GEICO"), 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 ("Mr. Wang"). The addresses of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KYI-1111, Cayman Islands and Unit 1206, 12th Floor, Tower 2, Lippo Centre, 89 Queensway, Hong Kong, respectively.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") 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 principal activities of the subsidiaries, associates and joint ventures of the Company are set out in notes 45, 20 and 21 respectively.

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("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 Hong Kong Institute of Certified Public Accountants ("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.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	*Insurance Contracts and the related Amendments*[2]
Amendments to HKFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to HKAS 8	*Definition of Accounting Estimates*[2]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to HKAS 16	*Property, Plant and Equipment - Proceeds before Intended Use*[1]
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[1]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2018-2020*[1]

1 Effective for annual periods beginning on or after 1 January 2022.

2 Effective for annual periods beginning on or after 1 January 2023.

3 Effective for annual periods beginning on or after a date to be determined.

Except for the amendments to HKFRSs mentioned below, the Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 *Income Taxes* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

As disclosed in note 3 to the consolidated financial statements, for leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the relevant assets and liabilities separately. Temporary differences on initial recognition of the relevant assets and liabilities are not recognised due to application of the initial recognition exemption.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction *(Continued)*

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. As at 31 December 2021, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to RMB538,250,000 and RMB550,142,000 respectively. The Group is still in the process of assessing the full impact of the application of the amendments. The cumulative effect of initially applying the amendments will be recognised as an adjustment to the opening balance of retained profits at the beginning of the earliest comparative period presented.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.1 Basis of preparation of consolidated financial statements *(Continued)*

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.2 Significant accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Basis of consolidation *(Continued)*

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an interest in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the interest over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Investments in associates and joint ventures *(Continued)*

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Property, plant and equipment

Property, plant and equipment including leasehold land and buildings are tangible assets, held for use in the production or supply of goods or services, or for administrative purposes, other than properties under construction as described below. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Property, plant and equipment *(Continued)*

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to retained profits.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment, other than properties under construction, less their residual values over their estimated useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Investment properties *(Continued)*

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Properties under development/properties for sale

Properties under development which are intended to be sold upon completion of development and properties for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, properties under development/properties for sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Properties under development for sale are transferred to properties for sale upon completion.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill *(Continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Classification and subsequent measurement of financial assets *(Continued)*

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income, gains and losses" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other income, gains and losses" line item.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables and amounts due from fellow subsidiaries) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and lease receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(i) Significant increase in credit risk *(Continued)*

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. For financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(v) Measurement and recognition of ECL *(Continued)*

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts or for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Lifetime ECL for certain trade receivables and lease receivables are assessed individually for debtors with significant balances, based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forward-looking information that is available without undue cost or effort at the end of the reporting period.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other receivables where the corresponding adjustment is recognised through a loss allowance account.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments (Continued)

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, amounts due to fellow subsidiaries, bank loans and senior notes are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Revenue from contracts with customers *(Continued)*

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, except for the allocation of discounts.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date, the Group recognises revenue in the amount to which the Group has the right to invoice.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Revenue from contracts with customers *(Continued)*

Sale with a right of return/exchange

For a sale of products with a right of return/exchange for dissimilar products, the Group recognises all of the following:

- revenue for the transferred products in the amount of consideration to which the Group expects to be entitled (therefore, revenue would not be recognised for the products expected to be returned/exchanged);
- a refund liability/contract liability; and
- an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers and are presented as right to returned goods asset.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for on the same basis as other borrowing costs.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Revenue from contracts with customers *(Continued)*

Principal versus agent (Continued)

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by other party.

Contract costs

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

Non-lease components are separated from lease component and are account for by applying other applicable standards.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Right-of-use assets *(Continued)*

Right-of-use assets are depreciated on a straight-line basis over the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property or inventory as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Lease liabilities *(Continued)*

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

Except for Covid-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Covid-19-related rent concessions *(Continued)*

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model. Variable lease payments for operating leases that depend on an index or a rate are estimated and included in the total lease payments to be recognised on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessor (Continued)

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants related to income that are receivable as compensation for expenses or losses already incurred are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income, gains and losses".

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. For properties under development for which revenue is recognised over time, the Group ceases to capitalise borrowing costs as soon as the properties are ready for the Group's intended sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Employee benefits

Retirement benefit costs

Payments to state-managed retirement benefit schemes and the Hong Kong's Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Taxation *(Continued)*

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, which is always presumed to be recovered entirely through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

In the application of the Group's accounting policies, which are described in note 3, management of the Group (the "Management") is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences, and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purpose of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the Directors have reviewed the Group's investment properties and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred taxation on investment properties, the Directors have determined the presumption that investment properties measured using the fair value model are recovered through sale is rebutted.

Accordingly, the Group recognises deferred tax in respect of the changes in fair value of the investment properties based on the Director's best estimate assuming future tax consequences through usage of such properties for rental purpose, rather than through sale. The final tax outcome could be different from the deferred tax liabilities recognised in the consolidated financial statements should the investment properties are subsequently disposed of by the Group, rather than consumed substantially all of the economic benefits embodied in the investment properties by leasing over time. In the event the investment properties are being disposed, the Group may be liable to higher tax upon disposal considering the impact of enterprise income tax and land appreciation tax.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Income taxes

As at 31 December 2021, a deferred tax asset of RMB42,802,000 (2020: RMB57,464,000) in relation to unused tax losses has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of RMB124,524,000 (2020: RMB145,649,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty especially the uncertainty on how the Covid-19 pandemic may progress and evolve. In cases where the actual future taxable profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

Fair values of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. The determination of the fair value involves certain assumptions of market conditions which are set out in note 17.

In relying on the valuation report, the Management has exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. The Management has performed internal assessment on the risks of change in macroeconomic environment through performing sensitivity analysis in relation to the Group's investment properties.

As at 31 December 2021, the carrying amount of the Group's investment properties is RMB2,506,671,000 (2020: RMB2,238,231,000).

5. REVENUE

(i) Disaggregation of revenue

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

	2021 RMB'000	2020 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 RMB'000	2020 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

5. REVENUE *(Continued)*

(ii) Performance obligations for contracts with customers

For direct sales, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail store. Payment of the transaction price is due immediately at the point the customer purchases the goods.

For concessionaire sales, revenue is recognised in the amount of any fee or commission to which the Group entitled in exchange for arranging for the specified goods or services to be provided by other parties. For commission income from concessionaire sales, the concessionaires will pay to the Group commission income at the higher of the minimum guaranteed commission and certain percentage of their sales in accordance with the terms of contracts. The Group receives the entire sales proceeds from customers on behalf of the concessionaires and reimburses the sales proceeds to the concessionaires after deducting its share of the commission income.

For management fee, revenue is recognised over time in accordance with the stage of completion of management services specified in the contract.

For contracts entered into with purchasers on sales of properties, the relevant properties specified in the contracts are based on purchasers' specifications with no alternative use. Based on the opinion from external legal counsel, taking into consideration of the relevant contract terms, the legal environment and the relevant legal precedents, the Group concluded that the Group does not have an enforceable right to payment prior to transfer of the relevant properties to purchasers. Revenue from sales of properties is therefore recognised at a point in time when the completed property is transferred to the purchaser, being at the point that the purchaser obtains the control of the completed property and the Group has present right to payment and collection of the consideration is probable.

(iii) Leases

	2021	2020
	RMB'000	RMB'000
For operating leases:		
Lease payments that are fixed	**190,540**	140,017
Lease payments that are depend on performance of the lease assets	**837,324**	681,771
Total revenue arising from leases	**1,027,864**	821,788

6. 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 ("CEO"), 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

The Group presents subtotal for the three operating and reportable segments for its retail operations, which their financial performance were reviewed by the CODM individually based on geographic area, because these three segments are operating in similar business model with similar target group of customers, and under the same regulatory environment, which is the development and operation of lifestyle centre and stylish department store chain in the PRC.

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.

6. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

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

	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 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

6. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

	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

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit earned and loss incurred by each segment without allocation of central administration costs, Directors' salaries, other gains and losses, share of results of associates and joint ventures, finance income, finance costs and income tax expense. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

6. SEGMENT INFORMATION *(Continued)*

Segment assets

Segment information reported to CODM for the purposes of resources allocation and performance assessment does not include any information on assets and liabilities. Accordingly, no segment assets and liabilities are presented.

Other segment information

Amounts included in the measure of segment profit or loss:

	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 2021							
Depreciation and amortisation of property, plant and equipment and intangible asset	**174,229**	**137,576**	**46,810**	**358,615**	**17,753**	**10,218**	**386,586**
Depreciation of right-of-use assets	**36,732**	**26,395**	**13,714**	**76,841**	**-**	**1,563**	**78,404**
Less: amounts capitalised	**-**	**(2,134)**	**-**	**(2,134)**	**-**	**-**	**(2,134)**
	36,732	**24,261**	**13,714**	**74,707**	**-**	**1,563**	**76,270**
For the year ended 31 December 2020							
Depreciation and amortisation of property, plant and equipment and intangible asset	171,711	133,635	42,387	347,733	19,152	11,241	378,126
Depreciation of right-of-use assets	38,357	18,489	13,714	70,560	-	1,812	72,372
Less: amounts capitalised	-	(2,134)	-	(2,134)	-	-	(2,134)
	38,357	16,355	13,714	68,426	-	1,812	70,238

Information about major customers

None of the revenue from any customer contributed over 10% of the total revenue of the Group during both years.

7. 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

Income from suppliers, tenants and customers mainly contributed by management fee income received for services provided over a period of one year or less and are recognised over time at the rate of each service specified in the contract. As permitted under HKFRS 15, the transaction price allocated to those unsatisfied contracts is not disclosed.

During the year, the relevant government authorities granted one-off and unconditional subsidies to the Group amounting to RMB13,807,000 (2020: RMB18,488,000) to support the Group's development in the local districts with no future related costs, which were recognised in the profit or loss in the year in which they received.

8. 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

9. 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.

10. 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.

Under the relevant tax law and implementation regulations in the PRC, withholding income tax is applicable to dividends payable to investors that are "non-PRC tax resident enterprises", which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends have their sources within the PRC.

The provision for LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

10. INCOME TAX EXPENSE *(Continued)*

During the year, the Group estimated and made provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects, and the LAT determined by the tax authorities might be different from the basis on which the provision for LAT is calculated. The EIT and LAT liabilities are recorded in the "tax liabilities" line item of the consolidated financial statements.

The tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss as follows:

	2021 **RMB'000**	2020 RMB'000
Profit before tax	**2,249,971**	2,182,952
Tax at the applicable tax rate of 25% (2020: 25%)	**562,493**	545,738
Tax effect of share of results of associates	**(3,531)**	13,755
Tax effect of gain on deemed disposal of an associate	**(127)**	(101)
Tax effect of share of results of joint ventures	**239**	532
Tax effect of expenses not deductible for tax purpose	**67,997**	109,427
Tax effect of income not taxable for tax purpose	**(38,378)**	(105,565)
Tax effect of tax losses not recognised	**12,523**	6,531
LAT	**6,763**	12,846
Tax effect of LAT	**(1,691)**	(3,212)
Utilisation of tax losses previously not recognised	**(8,652)**	(4,168)
(Over) under provision in prior years	**(3,655)**	2,533
Effect of withholding tax on estimated dividends in respect of the PRC subsidiaries' current year undistributable profits	**71,000**	59,000
Income tax at concessionary rates	**(27,284)**	(8,260)
Tax expense for the year	**637,697**	629,056

11. PROFIT FOR THE YEAR

	2021 RMB'000	2020 RMB'000
Profit for the year has been arrived at after charging (crediting) the following items:		
Directors' remuneration	**480**	1,326
Other staff:		
Salaries and other benefits	**346,851**	327,478
Retirement benefits schemes contributions	**33,652**	7,469
	380,983	336,273
Auditor's remuneration	**2,600**	2,540
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 (note 16)	**(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)

12. DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable to the Directors and chief executive officer of the Company were as follows:

	2021				2020			
		Other emoluments				Other emoluments		
	Fees RMB'000	Salaries and other benefits RMB'000	Retirement benefits schemes contributions RMB'000	Total RMB'000	Fees RMB'000	Salaries and other benefits RMB'000	Retirement benefits schemes contributions RMB'000	Total RMB'000
Executive Directors								
Mr. Wang Hung, Roger	-	-	-	-	–	–	–	–
Ms. Wang Janice S. Y. (Note 1)	-	60	3	63	–	128	6	134
Mr. Hans Hendrik Marie Diederen (Note 2)	-	-	-	-	–	705	39	744
Sub-total	-	60	3	63	–	833	45	878
Independent non-executive Directors								
Mr. Wong Chi Keung	179	-	-	179	192	–	–	192
Mr. Lay Danny J	119	-	-	119	128	–	–	128
Mr. Lo Ching Yan	119	-	-	119	128	–	–	128
Sub-total	417	-	-	417	448	–	–	448
Chief Executive Officer								
Mr. Chen Yihang (Note 3)	-	1,772	97	1,869	–	600	29	629
Total	417	1,832	100	2,349	448	1,433	74	1,955

Notes:

1. Ms. Wang Janice S. Y. tendered her resignation as executive Director of the Company with effect from 25 June 2021.

2. Mr. Hans Hendrik Marie Diederen was retired from executive Director of the Company with effect from 27 May 2021.

3. Mr. Chen Yihang tendered his resignation and ceased to perform the duties as the CEO and Mr. Wang was appointed as the CEO, both with effect from 17 November 2021.

12. DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

The executive Directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive Directors' emoluments shown above were for their services as Directors.

The five highest paid employees of the Group during the year included the CEO (2020: one Director and the CEO), details of whose remuneration are set out above. Details of the emoluments for the year of the five (2020: five) highest paid individuals were as follows:

	2021 **RMB'000**	2020 RMB'000
Salaries and other benefits	**5,920**	5,119
Retirement benefits schemes contributions	**364**	201
	6,284	5,320

The five highest paid employees whose emoluments were within the following bands:

	2021 **No. of employees**	2020 No. of employees
Nil to Hong Kong dollar ("HK$")1,000,000	**1**	2
HK$1,000,001 to HK$1,500,000	**2**	2
HK$1,500,001 to HK$2,000,000	**1**	1
HK$2,000,001 to HK$2,500,000	**1**	–
	5	5

During the year, no emoluments were paid by the Group to the five highest paid individuals and Directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors and the CEO has waived any emoluments during the year.

13. DIVIDENDS

	2021 RMB'000	2020 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 have resolved not to recommend payment of a final dividend for the year ended 31 December 2021.

14. 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 RMB'000	2020 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 '000	2020 '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.

No diluted earnings per share for the year ended 31 December 2021 was presented as there were no potential ordinary shares in issue for the relevant period.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Others RMB'000	Construction in progress RMB'000	Total RMB'000
COST								
At 1 January 2020	9,885,855	1,469,238	122,122	250,188	5,587	2,541	87,734	11,823,265
Additions/other adjustment	(27,832)	105,566	166	14,720	1,437	771	16,535	111,363
Transfers	–	16,994	1,122	–	–	–	(18,116)	–
Disposals	–	–	(1,165)	(19,405)	(2,942)	(520)	(32,627)	(56,659)
At 31 December 2020	9,858,023	1,591,798	122,245	245,503	4,082	2,792	53,526	11,877,969
Additions/other adjustment	(24,090)	157,055	168	12,862	37	295	79,005	225,332
Transfers	15,707	13,795	–	–	–	–	(29,502)	–
Disposals	(668)	(183,206)	(2,140)	(7,198)	(2,413)	(1,073)	–	(196,698)
At 31 December 2021	9,848,972	1,579,442	120,273	251,167	1,706	2,014	103,029	11,906,603
DEPRECIATION								
At 1 January 2020	1,674,300	1,077,864	101,334	188,083	2,362	1,189	–	3,045,132
Provided for the year	241,894	114,033	4,168	15,910	973	483	–	377,461
Eliminated on disposals	–	–	(855)	(16,322)	(1,138)	(393)	–	(18,708)
At 31 December 2020	1,916,194	1,191,897	104,647	187,671	2,197	1,279	–	3,403,885
Provided for the year	241,227	127,106	1,351	15,401	176	660	–	385,921
Eliminated on disposals	(425)	(181,786)	(2,044)	(6,201)	(886)	(575)	–	(191,917)
At 31 December 2021	2,156,996	1,137,217	103,954	196,871	1,487	1,364	–	3,597,889
CARRYING VALUES								
At 31 December 2021	7,691,976	442,225	16,319	54,296	219	650	103,029	8,308,714
At 31 December 2020	7,941,829	399,901	17,598	57,832	1,885	1,513	53,526	8,474,084

For land use rights and buildings in the PRC where the cost of land use rights cannot be reliably separated, the entire lease is classified as a finance lease and is depreciated and amortised over the term of the land use rights ranged from 40 to 63 years using the straight-line method.

Other than land and buildings mentioned above, the cost of other buildings is depreciated over the term of the respective land use rights or 40 years, whichever is shorter, using the straight-line method.

The cost of leasehold improvements is depreciated on a straight-line basis over the period of the respective leases or 10 years, whichever is shorter.

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Other items of plant and equipment are depreciated over their estimated useful lives and after taking into account the estimated residual value on a straight-line basis, at the following rates per annum:

Plant and machinery	10%
Furniture, fixtures and equipment	10% – 20%
Motor vehicles	20%
Others	33%

As at the end of the reporting period, the Group is in the process of obtaining title deeds of buildings with carrying value of approximately RMB2,178,922,000 (2020: RMB3,669,805,000). In the opinion of the Directors, the relevant ownership certificates can be obtained without incurring significant costs.

The Group as lessor

The Group leases out a number of properties under operating leases. The leases typically run for an initial period of 1 month to 15 years (2020: 1 month to 15 years). The reconciliation of the carrying amounts of these leasehold land and buildings leased out under operating leases are set out as below:

	Amount
	RMB'000
COST	
At 1 January 2020	2,367,420
Additions/other adjustments	88,589
At 31 December 2020	2,456,009
Additions/other adjustments	74,311
At 31 December 2021	2,530,320
DEPRECIATION	
At 1 January 2020	337,343
Provided for the year	95,239
At 31 December 2020	432,582
Provided for the year	73,703
At 31 December 2021	506,285
CARRYING VALUES	
At 31 December 2021	2,024,035
At 31 December 2020	2,023,427

16. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Leased properties RMB'000	Total RMB'000
At 31 December 2021			
Carrying amount	1,952,972	588,902	2,541,874
At 31 December 2020			
Carrying amount	2,010,014	623,354	2,633,368
For the year ended 31 December 2021			
Depreciation charge	57,442	20,962	78,404
Less: capitalised in construction in progress	(2,134)	–	(2,134)
	55,308	20,962	76,270
For the year ended 31 December 2020			
Depreciation charge	57,184	15,188	72,372
Less: capitalised in construction in progress	(2,134)	–	(2,134)
	55,050	15,188	70,238

	2021 RMB'000	2020 RMB'000
Expenses relating to short-term leases	**7,555**	3,647
Variable lease payments paid/payable not included in the measurement of lease liabilities	**388,728**	302,371
Total cash outflow for leases	**411,024**	328,126
Additions to right-of-use assets	**11,465**	543,243

16. RIGHT-OF-USE ASSETS *(Continued)*

The Group leases certain offices, warehouses and retail store properties for its operations. Lease contracts are entered into for fixed term of 1 to 20 years (2020: 1 to 20 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Out of all the lease contracts, 13 (2020: 13) retail store properties leases contain variable lease payments that are determinate based on 3% to 5% (2020: 3% to 5%) of respective store's gross sales proceeds, after deduction of related sales taxes and discounts. The overall financial effect of using variable lease payment terms is that the retail stores will incur lower lease payments at its initial ramp up stage and incur higher lease payments when the stores' sales are higher as variable lease payments are determined at a fixed percentage of the stores' future sales.

The Group has obtained the land use right certificates for all leasehold lands except for leasehold lands with carrying amount of RMB312,181,000 (2020: RMB323,113,000) in which the Group is in the process of obtaining.

Rent Concessions

These rent concessions occurred as a direct consequence of Covid-19 pandemic and met all of the conditions set out in HKFRS 16.46B, and the Group has applied the practical expedient not to assess whether the changes constitute lease modifications. The effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases amounted to RMB57,000 (2020: RMB241,000) were recognised as negative variable lease payments.

17. INVESTMENT PROPERTIES

The Group leases out various retail floor area under operating leases with rentals receivable monthly. The leases typically run for an initial period of 1 month to 15 years (2020: 1 month to 15 years), with unilateral rights by lessor to extend the lease beyond initial period. Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend. The leases of retail floor area contain variable lease payments that are determinate based on certain percentage of the lessee's gross sales or gross profit after deduction of related sales taxes and discounts and the minimum annual lease payments are fixed over the lease term.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the functional currencies of the respective group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

17. INVESTMENT PROPERTIES *(Continued)*

	Amount RMB'000
Fair Value	
At 1 January 2020	2,240,624
Net change in fair value recognised in profit or loss	(2,393)
At 31 December 2020	2,238,231
Transferred from completed properties for sale (Note)	266,200
Net change in fair value recognised in profit or loss	2,240
At 31 December 2021	2,506,671

Note: The transfer from completed properties for sale to investment properties were made since there was a change in use as evidenced by the inception of operating leases to third parties.

All of the Group's property interests are completed properties held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment properties has been arrived at on the basis of a valuation carried out on the respective reporting dates by Jones Lang LaSalle Corporate Appraisal and Advisory Limited (2020: Jones Lang LaSalle Corporate Appraisal and Advisory Limited), independent qualified professional valuers not connected to the Group.

In estimating the fair value of these properties, the highest and best use of the properties is their current use. The fair values of certain investment properties have been adjusted to exclude prepaid or accrued operating lease income to avoid double counting.

Completed investment properties	Valuation technique(s)	Significant unobservable input(s)	Sensitivity
Wuhu International Plaza commercial part located in Wuhu	Income capitalisation	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition of 6.5% (2020: 6.5%).	An increase in the capitalisation rate used would result in a decrease in fair value, and vice versa.
		Monthly market rent, using direct market comparables and taking into account of time, location, and individual factors, such as frontage and size of the property, of RMB181 (2020: RMB181) per square metre ("sqm") per month for the base level.	An increase in the market rent used would result in an increase in fair value, and vice versa.

17. INVESTMENT PROPERTIES *(Continued)*

Completed investment properties	Valuation technique(s)	Significant unobservable input(s)	Sensitivity
Baxian City located in Nantong	Income capitalisation	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition of 5.5%-6.5% (2020: 5.5%-6.5%).	An increase in the capitalisation rate used would result in a decrease in fair value, and vice versa.
		Monthly market rent, using direct market comparables and taking into account of time, location, and individual factors, such as frontage and size of the property, of RMB235 (2020: RMB235) per sqm per month for the base level.	An increase in the market rent used would result in an increase in fair value, and vice versa.
Nantong Renmin Road Store located in Nantong	Income capitalisation	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition of 5.5%-6.5% (2020: 5.5%-6.5%).	An increase in the capitalisation rate used would result in a decrease in fair value, and vice versa.
		Monthly market rent, using direct market comparables and taking into account of time, location, and individual factors, such as frontage and size of the property, of RMB276 (2020: RMB278) per sqm per month for the base level.	An increase in the market rent used would result in an increase in fair value, and vice versa.
Wuhu International Plaza part of unsold office units located in Wuhu	Income capitalisation	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition of 5.25% (2020: N/A).	An increase in the capitalisation rate used would result in a decrease in fair value, and vice versa.
		Monthly market rent, using direct market comparables and taking into account of time, location, and individual factors, such as frontage and size of the property, of RMB51 (2020:N/A) per sqm per month for the base level.	An increase in the market rent used would result in an increase in fair value, and vice versa.

17. INVESTMENT PROPERTIES *(Continued)*

Completed investment properties	Valuation technique(s)	Significant unobservable input(s)	Sensitivity
Jiangdu Golden Eagle Commercial Plaza located in Yangzhou	Income capitalisation	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition of 4.5%-6.25% (2020: 5%-6.5%).	An increase in the capitalisation rate used would result in a decrease in fair value, and vice versa.
		Monthly market rent, using direct market comparables and taking into account of time, location, and individual factors, such as frontage and size of the property, of RMB285 (2020: RMB285) per sqm per month for the base level.	An increase in the market rent used would result in an increase in fair value, and vice versa.
Zone B Xianlin Hubin Tiandi located in Nanjing	Income capitalisation	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition of 6.25% (2020: 6.25%).	An increase in the capitalisation rate used would result in a decrease in fair value, and vice versa.
		Monthly market rent, using direct market comparables and taking into account of time, location, and individual factors, such as frontage and size of the property, of RMB279 (2020: RMB278) per sqm per month for the base level.	An increase in the market rent used would result in an increase in fair value, and vice versa.
Suzhou Gaoxin Golden Eagle Commercial Plaza located in Suzhou	Income capitalisation	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition of 5.25%-6% (2020: 5.25%-6%).	An increase in the capitalisation rate used would result in a decrease in fair value, and vice versa.
		Monthly market rent, using direct market comparables and taking into account of time, location, and individual factors, such as frontage and size of the property, of RMB308 (2020: RMB308) per sqm per month for the base level.	An increase in the market rent used would result in an increase in fair value, and vice versa.

17. INVESTMENT PROPERTIES *(Continued)*

Completed investment properties	Valuation technique(s)	Significant unobservable input(s)	Sensitivity
Other properties	Income capitalisation	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition of 4.5%-6.5% (2020: 4.5%-6.5%).	An increase in the capitalisation rate used would result in a decrease in fair value, and vice versa.
		Monthly market rent, using direct market comparables and taking into account of time, location, and individual factors, such as frontage and size of the property, of RMB98-338 (2020: RMB98-341) per sqm per month for the base level.	An increase in the market rent used would result in an increase in fair value, and vice versa.

Details of the Group's investment properties and information about the fair value hierarchy as at the end of the reporting period are as follows:

	Level 3 and fair value as at	
	31 December 2021 RMB'000	31 December 2020 RMB'000
Wuhu International Plaza commercial part located in Wuhu	**487,000**	490,000
Baxian City located in Nantong	**291,300**	286,000
Nantong Renmin Road Store located in Nantong	**273,300**	275,000
Wuhu International Plaza part of unsold office units located in Wuhu	**266,200**	–
Jiangdu Golden Eagle Commercial Plaza located in Yangzhou	**238,000**	237,000
Zone B Xianlin Hubin Tiandi located in Nanjing	**228,900**	227,700
Suzhou Gaoxin Golden Eagle Commercial Plaza located in Suzhou	**198,500**	199,500
Other properties	**523,471**	523,031
	2,506,671	2,238,231

There were no transfers in or out of fair value hierarchy Level 3 during both years.

18. INTANGIBLE ASSET

	Franchise right RMB'000
COST	
At 1 January 2020, 31 December 2020 and 31 December 2021	13,302
AMORTISATION	
At 1 January 2020	1,385
Provide for the year	665
At 31 December 2020	2,050
Provide for the year	665
At 31 December 2021	2,715
CARRYING VALUES	
At 31 December 2021	10,587
At 31 December 2020	11,252

On 30 November 2017, the Group entered into a purchase agreement with Seven-Eleven (China) Investment Co., Ltd. for the acquisition of 7-Eleven franchise right in Jiangsu Province, which is amortised on a straight-line basis over its franchise term of 20 years.

19. GOODWILL

	Amount RMB'000
COST	
At 1 January 2020, 31 December 2020 and 31 December 2021	263,179
ACCUMULATED IMPAIRMENT LOSSES	
At 1 January 2020, 31 December 2020 and 31 December 2021	245,515
CARRYING VALUE	
At 31 December 2021 and 31 December 2020	17,664

19. GOODWILL *(Continued)*

Impairment testing on goodwill

For the purpose of impairment testing, goodwill has been allocated to the following cash-generating units ("CGUs") which are principally engaged in the retail operations in respective cities. At the end of the reporting period, the carrying amounts of goodwill allocated to these units are as follows:

	Segment classification	**31 December 2021 and 31 December 2020** RMB'000
Nantong Golden Eagle Yuanrong Shopping Centre Co., Ltd.	Retail operations – Northern Jiangsu Province	9,735
Yangzhou Golden Eagle International Industry Co., Ltd.	Retail operations – Northern Jiangsu Province	481
Xuzhou Golden Eagle International Industry Co., Ltd.	Retail operations – Northern Jiangsu Province	731
Xi'an Golden Eagle International Shopping Centre Co., Ltd.	Retail operations – Western and the other regions of the PRC	6,717
		17,664

The recoverable amounts of the CGUs have been determined based on a value in use calculation of the respective CGUs which containing similar key assumptions. For the purpose of determining the value in use, cash flow projections based on financial budgets approved by Management covering a five year period has been used. No growth has been assumed beyond that period. The discount rate applied to the cash flow projections is 10% (2020: 10%) per annum.

Key assumptions used in the value in use calculation for all CGUs

The following describes the key assumptions of the cash flow projections:

Revenue:	The bases used to determine future earning potential are historical sales, the average and expected organic growth rates for stores operated by the Group and the average and expected growth rates of the retail market in the PRC.
Gross margins:	Gross margins are determined based on average gross margins achieved in the previous years.

19. GOODWILL *(Continued)*

Key assumptions used in the value in use calculation for all CGUs *(Continued)*

Cost of sales and operating expenses:	The bases used to determine the amounts are cost of merchandise purchased for resale, staff costs, rental expenses, advertising and promotion expenses and other operating expenses. Value assigned to the key assumption reflects past experience and Management's commitment to maintain its cost of sales and operating expenses at an acceptable level.
Discount rate:	Discount rate reflects Management's estimate on the risks specific to these entities. A consideration has been given to the effective borrowing rate of the Group while determining the discount rate.

Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of a particular CGU to exceed the aggregate recoverable amount.

20. INTERESTS IN ASSOCIATES

	2021 **RMB'000**	2020 RMB'000
Cost of investments in associates		
Listed	**292,616**	292,616
Unlisted	**59,754**	55,653
Share of post-acquisition losses and other comprehensive expenses	**(164,657)**	(175,271)
Impairment loss in associates	**(32,722)**	(32,722)
	154,991	140,276
Fair value of listed investments (Note)	**146,273**	123,048

Note: The fair value of the listed investments is determined based on the quoted market bid price multiplied by the quantity of shares held by the Group.

20. INTERESTS IN ASSOCIATES *(Continued)*

As at the end of the reporting period, the Group had interests in the following associates:

Name of associate	Place/country of incorporation/ establishment and operations	Issued and fully paid share/registered capital	Effective proportion of nominal value of issued share/registered capital held by the Company		Principal activities
			2021	2020	
中美聯合實業股份有限公司 (Allied Industrial Corp., Ltd.) ("Allied")	Taiwan	Share capital – Taiwan Dollar 723,332,000	**42.6%**	42.6%	Trading of disperse dyestuffs and motor vehicles and investment holding
米斯特比薩金鷹餐飲管理(上海)有限公司 (Mr Pizza Golden Eagle Restaurant Management (Shanghai) Co., Ltd.)	PRC	Registered capital – RMB51,000,000	**41.2%**	41.2%	Operation of chain pizza restaurant
南京金鷹泡泡瑪特商貿有限公司 (Nanjing Golden Eagle Pop Mart Trading Co., Ltd.)	PRC	Registered capital – RMB20,000,000	**48.0%**	48.0%	Branded fashion toys retailer
Toebox Korea Ltd. (Note 1)	Korea	Share capital – Korea (South) Won 4,807,478,900	**12.0%**	12.9%	Branded footwear retailer
南京彼愛一生珠寶有限公司 (Nanjing Beloves Co., Ltd.)	PRC	Registered capital – RMB60,000,000	**45.0%**	45.0%	Branded jewellery retailer
上海存立眾創空間管理有限公司 (Shanghai Cunli Maker Space Management Co., Ltd.)	PRC	Registered capital – RMB20,000,000	**25.0%**	25.0%	Operation of share office
江蘇博浪傳媒有限公司(Note 2) (Jiangsu Bolang Media Co., Ltd.)	PRC	Share capital – RMB5,000,000	**-**	40.0%	Provision of media service
Golden Eagle & Shinwon Trading Co., Limited	Hong Kong	Share capital – United States dollar ("USD") 7,500,000	**33.3%**	33.3%	Branded fashion retailer

20. INTERESTS IN ASSOCIATES *(Continued)*

Name of associate	Place/country of incorporation/ establishment and operations	Issued and fully paid share/registered capital	Effective proportion of nominal value of issued share/registered capital held by the Company		Principal activities
			2021	2020	
南京金德食品科技有限公司 (Nanjing Jinde Food Technology Co., Ltd.)	PRC	Share capital – RMB4,500,000	**45.0%**	–	Manufacturing and trading of food products

Notes:

1. The Group is able to exercise significant influence over the associate because it has the power to appoint a representative director into the associate's board of directors in accordance with its articles of association.

2. Jiangsu Bolang Media Co., Ltd. was deregistered during the year ended 31 December 2021.

Summarised financial information of material associate

Summarised financial information in respect of the Group's material associate, Allied, is set out below. The summarised financial information below represents amounts shown in Allied's financial statements prepared in accordance with HKFRSs. Allied is accounted for using the equity method in the consolidated financial statements.

	2021 RMB'000	2020 RMB'000
Current assets	**121,893**	129,343
Non-current assets	**201,802**	193,717
Current liabilities	**78,922**	61,829
Non-current liabilities	**4,183**	36,556
Revenue	**249,672**	225,137
Profit for the year	**19,304**	10,236
Other comprehensive expense for the year	**(3,390)**	(6,854)
Total comprehensive income for the year	**15,914**	3,382

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20. INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information of material associate *(Continued)*

Reconciliation of the above summarised financial information to the carrying amount of the interests recognised in the consolidated financial statements:

	2021	2020
	RMB'000	RMB'000
Net assets	**240,590**	224,675
Proportion of the Group's ownership interest	**42.6%**	42.6%
Impairment	**(25,094)**	(25,094)
Others	**1,570**	1,570
Carrying amount of the Group's interest	**78,991**	72,210

Aggregate information of associates that are not individually material

	2021	2020
	RMB'000	RMB'000
The Group's share of post-tax profit (loss) and total comprehensive income (expense)	**3,844**	(61,700)
Aggregate carrying amount of the Group's interests in these associates	**76,000**	68,066

21. INTERESTS IN JOINT VENTURES

	2021	2020
	RMB'000	RMB'000
Cost of unlisted investments in joint ventures	**19,463**	20,550
Share of post-acquisition losses and other comprehensive expenses	**(3,980)**	(3,025)
Impairment loss in a joint venture	**(1,272)**	(1,272)
	14,211	16,253

21. INTERESTS IN JOINT VENTURES *(Continued)*

As at the end of the reporting period, the Group had interests in the following joint ventures:

Name of joint venture	Place/country of incorporation/ establishment and operations	Issued and fully paid share/registered capital	Effective proportion of nominal value of issued share/registered capital held by the Company		Principal activities
			2021	2020	
江蘇新華金鷹傳媒股份有限公司 (Jiangsu Xinhua Golden Eagle Media Co., Ltd.)	PRC	Registered capital – RMB20,000,000	**49.0%**	49.0%	Design, production and dissemination of advertisement
南京金鷹柯娜寵物有限公司 (Nanjing Golden Eagle KONA Pets Co., Ltd.)	PRC	Registered capital – RMB10,000,000	**40.0%**	40.0%	Branded pet services provider
南京千可果業有限公司 (Nanjing Qianke Drink Co., Ltd.)	PRC	Registered capital – RMB5,000,000	**51.0%**	51.0%	Branded chain beverage
Goldmark Global Company Limited	HK	Registered capital – HK$20	**50.0%**	50.0%	Dormant
南京金鷹泰皇璽健康管理有限公司 (Nanjing Golden Eagle Thai Odyssey Health Management Co., Ltd.)	PRC	Registered capital – RMB8,400,000	**50.0%**	50.0%	Provision of health management services

22. 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 (Note)	**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

Note: As at 31 December 2021, the amount represents a short-term loan advanced to an independent third party, which is secured, bearing fixed rate interest of 12% per annum and repayable within 1 year. (2020: short-term loans advanced to independent third parties, which are secured/guaranteed, bearing fixed rate interest ranging from 12% to 15% per annum and repayable within 200 days to 1 year).

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.

As at 31 December 2021, rental deposits amounting to RMB106,000,000 (2020: RMB106,000,000) were paid to fellow subsidiaries of the Group.

Details of impairment assessment of trade and other receivables are set out in note 44.

23. EQUITY INSTRUMENTS AT FVTOCI/FINANCIAL ASSETS AT FVTPL

	2021 RMB'000	2020 RMB'000
Equity instruments at FVTOCI		
Listed equity investments (Note)	**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

Note: In the current year, the Group disposed of listed equity investments in the PRC at an aggregate consideration of RMB33,182,000 (2020: RMB69,772,000), which were also the aggregate fair values as at the dates of disposals, as these investments no longer meet the investment objective of the Group. A cumulative loss on disposal of RMB1,899,000 (2020: RMB2,042,000) has been transferred to retained profits.

24. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of deferred tax balances for financial reporting purposes:

	2021 RMB'000	2020 RMB'000
Deferred tax assets	**43,143**	83,962
Deferred tax liabilities	**(900,744)**	(864,089)
	(857,601)	(780,127)

24. DEFERRED TAXATION *(Continued)*

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years:

	Accelerated depreciation and amortisation allowances	Fair value adjustment on property, plant and equipment, investment properties and properties under development for sale arising from acquisition of subsidiaries	Undistributable profits of the PRC subsidiaries	LAT	Tax losses	Revaluation of equity instruments at FVTOCI	Revaluation of financial assets at FVTPL	Contract liabilities	Fair value adjustment on investment properties	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2020	352,038	187,323	38,750	11,746	(70,612)	(7,394)	63	(3,555)	156,800	21,516	686,675
Charge (credit) for the year (note 10)	51,228	(644)	59,000	(3,202)	13,148	-	10,795	2,125	(598)	4,914	136,766
Charge to other comprehensive `income	-	-	-	-	-	1,005	-	-	-	-	1,005
Derecognised on disposal of FVTOCI	-	-	-	-	-	681	-	-	-	-	681
Reversal on payment of withholding tax	-	-	(45,000)	-	-	-	-	-	-	-	(45,000)
At 31 December 2020	**403,266**	**186,679**	**52,750**	**8,544**	**(57,464)**	**(5,708)**	**10,858**	**(1,430)**	**156,202**	**26,430**	**780,127**
Charge (credit) for the year (note 10)	**49,936**	**(213)**	**71,000**	**(1,527)**	**14,662**	**-**	**(9,284)**	**125**	**3,085**	**(3,011)**	**124,773**
Charge to other comprehensive income	**-**	**-**	**-**	**-**	**-**	**1,672**	**-**	**-**	**-**	**-**	**1,672**
Derecognised on disposal of FVTOCI	**-**	**-**	**-**	**-**	**-**	**29**	**-**	**-**	**-**	**-**	**29**
Reversal on payment of withholding tax	**-**	**-**	**(49,000)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(49,000)**
At 31 December 2021	**453,202**	**186,466**	**74,750**	**7,017**	**(42,802)**	**(4,007)**	**1,574**	**(1,305)**	**159,287**	**23,419**	**857,601**

At the end of the reporting period, the Group has unused tax losses of RMB295,732,000 (2020: RMB375,505,000) available for offset against future profits. A deferred tax asset has been recognised in respect of RMB171,208,000 (2020: RMB229,856,000) of such losses which were tax losses arising from the PRC and can be carried forward up to five years from the year in which the loss was originated to offset future taxable profits. No deferred tax asset has been recognised in respect of the remaining RMB124,524,000 (2020: RMB145,649,000) which were mainly arising from Hong Kong and may be carried forward indefinitely, due to the unpredictability of future profit streams.

Pursuant to PRC EIT laws, withholding tax is imposed on dividends declared by PRC subsidiaries of the Group in respect of profits earned from 1 January 2008 onwards. Deferred taxation has been provided for the portion of profits that are expected to be distributed by the PRC subsidiaries and no deferred taxation has been provided for the remaining profits of approximately RMB3,076 million as at 31 December 2021 (2020: RMB2,801 million) as the Group is able to control the timing of the distribution and it is probable that the amount will not be distributed in the foreseeable future.

25. PROPERTIES UNDER DEVELOPMENT FOR SALE/COMPLETED PROPERTIES FOR SALE

	2021 RMB'000	2020 RMB'000
Properties under development for sale	1,551,987	1,225,678
Completed properties for sale	635,288	918,235
Carrying amount of leasehold lands	892,366	941,285

The carrying amount of leasehold lands is measured at cost less any impairment losses and determined as the estimated disposal value of the leasehold land component. No depreciation charge is made on the leasehold lands taking into account the estimated residual values as at 31 December 2021 (2020: nil).

26. AMOUNTS DUE FROM FELLOW SUBSIDIARIES

	2021 RMB'000	2020 RMB'000
南京金鷹國際實業有限公司 (Nanjing Golden Eagle International Industry Co., Ltd.)	11,489	11,527
昆山金鷹信息科技發展有限公司 (formerly known as 昆山金鷹置業有限公司) (Kunshan Golden Eagle Information Technology Development Co., Ltd.)	10,981	6,078
南京金鷹國際集團有限公司 (Nanjing Golden Eagle International Group Co., Ltd.)	7,142	7,395
南京金鷹國際物業發展有限公司 (Nanjing Golden Eagle International Properties Development Co., Ltd.)	4,130	2,567
宿遷金鷹置業有限公司 (Suqian Golden Eagle Properties Co., Ltd.)	3,676	1,102
南京仙林金鷹天地科技實業有限公司 (Nanjing Xianlin Golden Eagle Tiandi Technology Industry Co., Ltd.)	3,675	1,099
Others	8,829	9,313
	49,922	39,081

The amount due from Nanjing Golden Eagle International Group Co., Ltd. is mainly related to payments made for acquisition and construction of property, plant and equipment. The remaining amounts represent prepayments made for the Group's operations. All these amounts are unsecured, interest free and repayable on demand.

27. RESTRICTED CASH AND BANK BALANCES AND CASH

	2021 RMB'000	2020 RMB'000
Restricted cash (Note 1)	**26,121**	28,241
Bank balances and cash (Note 2)	**7,651,382**	6,670,166
	7,677,503	6,698,407

Notes:

1. Restricted cash represents balances for the purpose of syndicated loan interest payments (note 32).

2. Bank balances and cash comprise cash held by the Group and short-term bank deposits with original maturities of three months or less. Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term bank deposits are made for various periods ranging from one to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The effective interest rate for short-term bank deposits during the year ended 31 December 2021 is approximately 0.3% (2020: 0.3%) per annum.

As at the end of the reporting period, a significant portion of the above balances was denominated in RMB, which are not freely convertible into other currencies. The remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

28. 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

28. TRADE AND OTHER PAYABLES *(Continued)*

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	2020
	RMB'000	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

29. AMOUNTS DUE TO FELLOW SUBSIDIARIES

	2021	2020
	RMB'000	RMB'000
南京金鷹國際集團有限公司 (Nanjing Golden Eagle International Group Co., Ltd.)	**63,718**	62,300
昆山金鷹信息科技發展有限公司 (Kunshan Golden Eagle Information Technology Development Co., Ltd.)	**56,287**	56,287
南京金鷹工程建設有限公司 (Nanjing Golden Eagle Construction Work Co., Ltd.)	**20,965**	39,208
南京金鷹國際物業集團有限公司 (Nanjing Golden Eagle International Property Group Co., Ltd.)	**10,184**	2,881
南京建鄴金鷹科技發展有限公司 (formerly known as 南京建鄴金鷹置業有限公司) (Nanjing Jianye Golden Eagle Technology Development Co., Ltd.)	**4,846**	3,937
南京金鷹國際物業發展有限公司 (Nanjing Golden Eagle International Properties Development Co., Ltd.)	**4,429**	628
Others	**7,297**	11,812
	167,726	177,053

The amounts due to Nanjing Golden Eagle International Group Co., Ltd., Kunshan Golden Eagle Information Technology Development Co., Ltd. and Nanjing Golden Eagle Construction Work Co., Ltd. are mainly related to acquisition and construction of property, plant and equipment. The remaining amounts represent trade payables to fellow subsidiaries which aged within 90 days. All these amounts are unsecured, interest free and repayable on demand.

30. LEASE LIABILITIES

	2021 RMB'000	2020 RMB'000
Lease liabilities payable:		
Within one year	**30,646**	28,478
More than one year, but not exceeding two years	**40,096**	43,084
More than two years, but not exceeding five years	**104,281**	111,687
More than five years	**375,119**	395,364
	550,142	578,613
Less: Amount due for settlement within one year shown under current liabilities	**30,646**	28,478
Amount due for settlement after one year	**519,496**	550,135

The weighted average incremental borrowing rates applied to lease liabilities ranges from 3.5% to 5.8% (2020: 3.9% to 5.8%).

Lease obligations denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2021 RMB'000	2020 RMB'000
HK$	**758**	939

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31. PREPAYMENTS FROM CUSTOMERS/CONTRACT LIABILITIES

	2021 RMB'000	2020 RMB'000
Prepayments from customers (i)	**3,383,151**	3,115,938
Contract liabilities:		
Deposits and prepayments received from pre-sale of properties (ii)	**302,431**	354,316
Deferred revenue arising from the Group's customer loyalty programmes (iii)	**5,243**	5,743
	307,674	360,059

Typical payment terms which impact on the amount of prepayments from customers/contract liabilities recognised are as follows:

(i) Prepayments from customers

The Group receives 100% of the face value of gift cards, which are refundable and with no expiration date.

(ii) Sales of properties

The Group receives 30% to 100% of the contract value as deposits from property purchasers when they sign the sale and purchase agreements. Such advance payments result in contract liabilities being recognised throughout the property construction period for the amounts received.

The Group considers the advance payments contain significant financing component and accordingly, the amount of considerations received is adjusted for the effects of time value of money taking into consideration the credit characteristics of the Group. As this accrual increases the amount of contract liabilities recognised during the property construction period, it thus increases the amount of revenue recognised when control of the completed property is transferred to the purchaser.

Amount of RMB91,497,000 (2020: RMB143,442,000) related to deposits and prepayments received from pre-sale of properties was recognised as revenue during the year ended 31 December 2021, which was included in contract liabilities at the beginning of the current year.

(iii) Customer loyalty programmes

As at 31 December 2021, the loyalty coupons generated under the customer loyalty programmes will be expired within 37 days (2020: 7 days) from the respective dates of year end.

32. BANK LOANS

	2021 RMB'000	2020 RMB'000
Secured Syndicated Loan (Note 1)	**3,777,706**	3,786,586
Carrying amount repayable (Note 2):		
Within one year	**103,918**	3,786,586
More than one year, but not exceeding two years	**3,673,788**	–
	3,777,706	3,786,586
Less: Amount due within one year shown under current liabilities	**103,918**	3,786,586
Amount due after one year	**3,673,788**	–

Notes:

1. In April 2021, the Group arranged a dual-currency three-year syndicated loan in the principle amounts of USD420,000,000 and HK$1,408,000,000 (equivalent to RMB3,941,502,000) to refinance the maturing syndicated loan in the outstanding amount of RMB3,786,586,000 (in its original currencies amount to USD377,000,000 and HK$1,561,481,395) 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. The effective interest rates for the syndicate loan during the year were 3.5% to 4.1% (2020: 3.9% to 5.8%) per annum. Details of the assets pledged for the syndicated loan facilities are set out in note 38.

2. The repayment date is determined based on scheduled repayment dates set out in the respective loan agreement.

Bank loans denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2021 RMB'000	2020 RMB'000
USD	**2,642,020**	2,467,559
HK$	**1,135,686**	1,319,027
	3,777,706	3,786,586

33. SENIOR NOTES

	2021 RMB'000	2020 RMB'000
Senior notes	**2,406,167**	2,458,747
Interest payable within one year reclassified as current liabilities under other payables	**13,484**	13,800
	2,419,651	2,472,547
Carrying amount repayable:		
Within one year	**13,484**	13,800
More than one year, but not exceeding five years	**2,406,167**	2,458,747
	2,419,651	2,472,547
Less: Amount due within one year shown under current liabilities	**13,484**	13,800
Amount due after one year	**2,406,167**	2,458,747

On 21 May 2013, the Company issued senior notes in the aggregate principal amount of USD400.0 million (equivalent to RMB2,476.2 million) (the "2013 Notes") at USD398.4 million (equivalent to RMB2,466.1 million). The 2013 Notes carry fixed coupon rate of 4.625% per annum, payable semi-annually in arrears, and will mature on 21 May 2023, unless redeemed earlier. The proceeds of the 2013 Notes were used to refinance the repayment of the Group's short-term bank loans and for other general corporate purposes, including capital expenditures. As at 31 December 2021, the outstanding 2013 Notes in its original currency amounts to USD378.5 million (2020: USD378.5 million).

At any time, the Company may at its option redeem the 2013 Notes, (1) in whole but not in part, at the principal amount, together with accrued and unpaid interest, if any, to the redemption date upon certain changes in the tax laws of certain tax jurisdictions, or (2) in whole or in part, at a redemption price equal to 100% of the principal amount of the 2013 Notes redeemed, and accrued and unpaid interest, if any, to the redemption date.

The 2013 Notes also contain a provision for redemption at the option of the noteholders at 101% of the principal amount of each note, together with accrued and unpaid interest, if any, to the redemption date, upon a change of control triggering event.

33. SENIOR NOTES *(Continued)*

The 2013 Notes contain a liability component and an early redemption option:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives. The interest charged for the year is calculated by applying an effective interest rate of approximately 4.80% (2020: 4.80%) per annum to the liability component since the 2013 Notes were issued at a discount.

(ii) Early redemption option is regarded as an embedded derivative closely related to the host contract and not separately accounted for.

34. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 January 2020, 31 December 2020 and 31 December 2021	5,000,000,000	500,000
Issued and fully paid:		
At 1 January 2020	1,679,038,000	167,904
Shares repurchased and cancelled	(18,833,000)	(1,883)
At 31 December 2020 and 31 December 2021	1,660,205,000	166,021

	RMB'000
Shown in the consolidated statement of financial position:	
At 31 December 2020 and 31 December 2021	**175,146**

34. SHARE CAPITAL *(Continued)*

During the year ended 31 December 2020, pursuant to the general mandate given to the Directors, the Company repurchased its own shares through the Stock Exchange and cancelled in the same year as follows:

Month of repurchase	No. of ordinary shares of HK$0.10 each of the Company	Price per share Highest	Price per share Lowest	Aggregate consideration paid	
		HK$	HK$	HK$'000	RMB equivalent'000
For the year ended 31 December 2020					
– April 2020	51,000	7.47	7.36	381	348
– May 2020	4,355,000	7.50	7.33	32,719	29,960
– June 2020	4,511,000	7.38	7.00	32,969	30,083
– August 2020	73,000	7.25	7.10	527	466
– September 2020	9,843,000	7.25	6.88	69,338	60,878
	18,833,000			135,934	121,735

35. RESERVES

Special reserve

The Group's special reserve represents amounts arising on a group reorganisation underwent prior to the listing of the Company's shares on the Stock Exchange in 2006.

Statutory surplus reserve

Pursuant to the relevant laws and regulations in the PRC applicable to subsidiaries registered as foreign investment enterprises (the "FIE Subsidiaries") and the Articles of Association of the FIE Subsidiaries, the FIE Subsidiaries are required to maintain a statutory surplus reserve fund, an enterprise expansion fund, and a staff welfare and bonus fund. Appropriations to these funds are made out of net profit after tax as reported in the statutory financial statements prepared in accordance with the applicable PRC accounting standards (the "PRC Accounting Profit") of the FIE Subsidiaries.

The FIE Subsidiaries are required to transfer 10% of its PRC Accounting Profit to the statutory surplus reserve fund until the balance reaches 50% of the registered capital of the FIE Subsidiaries. The statutory surplus reserve fund may be used to make up prior year losses, if any, and, with approval from relevant government authority, to increase capital.

35. RESERVES *(Continued)*

Statutory surplus reserve *(Continued)*

Appropriation from the PRC Accounting Profit to the enterprise expansion fund is at the discretion of the board of directors of the FIE Subsidiaries. The enterprise expansion fund, subject to approval by relevant government authority, may also be used to increase capital. No appropriation to the enterprise expansion fund has been made by the FIE Subsidiaries since their establishments.

Pursuant to the relevant laws and regulations in the PRC applicable to subsidiaries registered as domestic enterprises (the "Domestic Subsidiaries"), the Domestic Subsidiaries are required to maintain a statutory surplus reserve fund. The Domestic Subsidiaries are required to transfer 10% of its PRC Accounting Profit to the statutory surplus reserve fund until the balance reaches 50% of the registered capital of the Domestic Subsidiaries. The statutory surplus reserve fund may be used to make up prior year losses, if any, and to increase capital.

36. OPERATING LEASES ARRANGMENTS

The Group as lessor

At the end of the reporting period, the Group had contracted with lessees in respect of retail floor areas which are negotiated for terms ranging from 1 month to 15 years.

Undiscounted lease payments receivable on leases are as follows:

	2021 **RMB'000**	2020 RMB'000
Within one year	**776,287**	624,735
In the second year	**442,416**	427,625
In the third year	**278,506**	265,331
In the fourth year	**181,918**	158,754
In the fifth year	**123,743**	93,033
After five years	**202,405**	207,266
	2,005,275	1,776,744

The above minimum lease arrangements represent only the basic rents and do not include contingent rents receivable from tenants under certain lease contracts, which stipulate monthly lease payments should be calculated in accordance with certain ratios based on tenants' monthly gross sales or gross profit.

37. CAPITAL COMMITMENTS

	2021 RMB'000	2020 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 (Note)	**1,477,722**	1,106,201

Note: As at 31 December 2021, included in the balance was RMB29,435,000 (2020: RMB33,640,000) capital expenditure contracted for with fellow subsidiaries of the Group.

38. PLEDGE OF ASSETS

At the end of the reporting period, 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 RMB'000	2020 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

39. FINANCIAL GUARANTEE

	2021 RMB'000	2020 RMB'000
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. In the opinion of the Directors, the fair value of the financial guarantee contracts is insignificant.

40. RETIREMENT BENEFITS SCHEMES

The employees of the PRC subsidiaries are members of state-managed retirement benefits schemes operated by the local PRC governments. The PRC subsidiaries are required to contribute a certain percentage of their payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

The Group also operates a Mandatory Provident Fund Scheme for all employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of a trustee. The Group contributes a certain percentage of the relevant payroll costs to the scheme, which contribution is matched by the employees.

The total expense recognised in profit or loss of RMB33,655,000 (2020: RMB7,514,000) represents contributions payable to these schemes by the Group at rates specified in the relevant rules of the schemes. During the year ended 31 December 2020, retirement benefit reductions and exemptions related to Covid-19 pandemic were granted by the local PRC governments. As at end of the reporting period, there was no outstanding contributions payable to the schemes.

41. RELATED PARTY TRANSACTIONS

During the year, other than those disclosed elsewhere in the consolidated financial statements, the Group had the following significant transactions with related companies:

a) Transactions:

Relationship with related companies	**Nature of transactions**	**2021**	2020
		RMB'000	RMB'000
Fellow subsidiaries	Property rentals paid	**354,867**	264,801
	Property management fee paid	**126,787**	118,391
	Decoration service fee paid	**85,099**	49,832
	Carpark management service fee paid	**6,433**	5,530
	Management fee received	**32,600**	31,439
	Carpark rental income received	**12,447**	8,962

b) Compensation of key management personnel:

The remuneration of Directors and other members of key management, which is determined by the remuneration committee having regard to the performance of individuals and market trends, during the year was as follows:

	2021	2020
	RMB'000	RMB'000
Salaries and other benefits	**8,859**	9,734
Retirement benefits schemes contributions	**780**	626
	9,639	10,360

42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank loans RMB'000	Senior notes RMB'000	Dividends payable RMB'000	Lease liabilities RMB'000	Total RMB'000
As at 1 January 2020	4,102,626	2,639,920	–	58,749	6,801,295
Financing cash flows	(248,315)	(119,688)	(580,518)	(13,047)	(961,568)
Non-cash changes:					
Foreign exchange translation	(257,547)	(172,935)	–	–	(430,482)
Finance costs recognised	189,822	125,250	–	3,647	318,719
Dividend declared	–	–	580,518	–	580,518
New leases entered	–	–	–	529,872	529,872
Early termination of leases	–	–	–	(367)	(367)
Covid-19-related rent concessions	–	–	–	(241)	(241)
At 31 December 2020	**3,786,586**	**2,472,547**	**–**	**578,613**	**6,837,746**
Financing cash flows	**(51,090)**	**(112,290)**	**(772,725)**	**(14,341)**	**(950,446)**
Non-cash changes:					
Foreign exchange translation	**(97,480)**	**(57,405)**	**–**	**–**	**(154,885)**
Finance costs recognised	**139,690**	**116,799**	**–**	**6,756**	**263,245**
Dividend declared	**–**	**–**	**772,725**	**–**	**772,725**
New leases entered	**–**	**–**	**–**	**10,969**	**10,969**
Early termination of leases	**–**	**–**	**–**	**(31,798)**	**(31,798)**
Covid-19-related rent concessions	**–**	**–**	**–**	**(57)**	**(57)**
At 31 December 2021	**3,777,706**	**2,419,651**	**–**	**550,142**	**6,747,499**

43. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net cash (2020: net cash), which includes the bank loans and senior notes disclosed in notes 32 and 33 respectively, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The Management reviews the capital structure on an on-going basis. As part of this review, the Management considers the cost of capital and the risks associate with each class of capital. Based on recommendations of the Management, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debts.

44. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2021	2020
	RMB'000	RMB'000
Financial assets		
Financial assets at amortised cost	**8,185,828**	7,284,988
Financial assets at FVTPL	**295,440**	338,290
Equity instruments at FVTOCI	**55,557**	71,608
	8,536,825	7,694,886
Financial liabilities		
Amortised cost	**(13,600,898)**	(13,488,935)
Lease liabilities	**(550,142)**	(578,613)

Financial risk management objectives and polices

The Group's major financial instruments include equity investments, fund investments, trade and other receivables, restricted cash, bank balances and cash, amounts due from fellow subsidiaries, amounts due to fellow subsidiaries, trade and other payables, lease liabilities, bank loans and senior notes. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

44. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and polices *(Continued)*

Market risk

Currency risk

Certain of the Group's bank balances and cash, restricted cash, equity instruments at FVTOCI, bank loans, senior notes and interest payables are denominated in USD or HK$ which expose the Group to foreign currency risk attributable to the fluctuations in the exchange rates of USD/HK$ against RMB, the functional currency of the respective group entities.

The Group currently has not entered into any contracts to hedge its foreign currency risk exposure. The Management monitors foreign exchange risk exposure and will consider hedging significant foreign currency exposure should the need arises.

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2021 RMB'000	2020 RMB'000	**2021 RMB'000**	2020 RMB'000
USD	**5,061,671**	4,940,106	**190,977**	194,390
HK$	**1,135,686**	1,319,027	**110,158**	154,008

The following table details the Group's sensitivity to a 5% (2020: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% (2020: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents Management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2020: 5%) change in foreign currency rates. A positive number below indicates an increase in post-tax profit and other equity where RMB strengthen 5% (2020: 5%) against the relevant currency. For a 5% (2020: 5%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit and other equity and the balances below would be negative.

	USD Impact		HK$ Impact	
	2021 RMB'000	2020 RMB'000	**2021 RMB'000**	2020 RMB'000
Post-tax profit	**243,535**	237,286	**53,316**	60,696
Other comprehensive income	**–**	–	**(2,040)**	(2,445)

44. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and polices *(Continued)*

Market risk *(Continued)*

Currency risk (Continued)

The sensitivity analysis above only analysed the Group's year end inherent foreign exchange risk exposure and does not represent the exposure during the year as the value of the monetary items and the exchange rates fluctuate during the year.

Interest rate risk

(i) Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk for its interest bearing financial liabilities and certain of its financial assets, including bank loans, restricted cash and bank balances, which carry interests at prevailing market rates.

No interest rate swap arrangement has been entered into by the Group during both years

(ii) Fair value interest rate risk

The Group is also exposed to fair value interest rate risk for certain financial assets and financial liabilities, including fixed-rate bank deposits, lease liabilities and senior notes.

The Group currently does not have an interest rate hedging policy. The Management monitors interest rate risk exposure and will consider hedging significant interest rate exposure should the need arises.

The sensitivity analysis below has been determined based on the Group's exposure to variable-rate bank balances and bank loans outstanding at the end of the reporting period. The analysis is prepared assuming the variable-rate bank balances and bank loans outstanding at the end of the reporting period were outstanding for the whole year. A 25 basis points (2020: 25 basis points) increase or decrease is the sensitivity rate used for bank balances while 50 basis points (2020: 50 basis points) increase or decrease is used for bank loans when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 and 50 basis points (2020: 25 and 50 basis points) higher/lower on bank balances and bank loans, respectively, and all other variables were held constant, the Group's post-tax profit ended 31 December 2021 would decrease/increase by RMB4,994,000 (2020: decrease/increase by RMB9,972,000).

44. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and polices *(Continued)*

Market risk *(Continued)*

Other price risk

Equity price risk

The Group is exposed to equity price risk through its investments in equity securities measured at FVTPL and FVTOCI. The Management manages this exposure by maintaining a portfolio of investments with different risks.

The sensitivity analysis below have been determined based on the exposure to equity price risk at the reporting date. For sensitivity analysis of equity securities with fair value measurement categorised within Level 1, the sensitivity rates are 15% and 30% (2020: 15% and 30%) respectively in the current year as a result of the volatile financial market.

- If the prices of the respective equity instruments had been 15% (2020: 15%) higher/lower, the post-tax profit for the year ended 31 December 2021 would increase/decrease by RMB10,229,000 (2020: RMB11,962,000) as a result of the changes in fair value of investments at FVTPL, and the investment revaluation reserve would increase/decrease by RMB7,780,000 (2020: RMB9,889,000) as a result of the changes in fair value of investments at FVTOCI.

- If the prices of the respective equity instruments had been 30% (2020: 30%) higher/lower, the post-tax profit for the year ended 31 December 2021 would increase/decrease by RMB20,458,000 (2020: RMB23,924,000) as a result of the changes in fair value of investments at FVTPL, and the investment revaluation reserve would increase/decrease by RMB15,560,000 (2020: RMB19,778,000) as a result of the changes in fair value of investments at FVTOCI.

The sensitivity analysis above only analysed the Group's year end equity price risk exposure and does not represent the exposure during the year as the quantity and fair value of the equity securities fluctuate during the year.

44. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and polices *(Continued)*

Credit risk and impairment assessment

As at 31 December 2021, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties in relation to each class of recognised financial assets is the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Except for short-term loans and financial guarantee, the Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

For trade receivables, the ECL on trade receivables are assessed individually for debtors with significant balances, based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forward-looking information that is available without undue cost or effort at the end of the reporting period.

The Group has concentration of credit risk as 95.3% (2020: 94.4%) of the total trade receivables were due from third-party payment financial institutions, like union pay, alipay and wechat pay as at 31 December 2021. The Group's remaining trade receivables were mainly receivables from corporate customers and individually contributed less than 10% of the total trade receivables. In the opinion of the Management, the Group has no significant credit risk for the receivables from third-party payment financial institutions.

For other receivables, the Management makes periodic collective as well as individual assessment on the recoverability of these financial assets based on historical settlement records and past experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forward-looking information that is available without undue cost or effort at the end of the reporting period. As at 31 December 2021, included in the Group's other receivables was a receivable with carrying amount of RMB121,575,000 which was past due for over 90 days. In the opinion of the Management, the impairment amount is considered not significant after taken into consideration the fair value of the assets being pledged and the expected subsequent repayment from the debtor.

In order to minimise the credit risk with corporate customers, the Management has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade and other receivables. The Management believes that the Group's credit risk in trade and other receivables is significantly reduced, and ECL is insignificant.

44. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and polices *(Continued)*

Credit risk and impairment assessment *(Continued)*

The credit risk on amounts due from fellow subsidiaries is minimal as such related parties have sufficient capital to settle the debts, thus no impairment loss allowance was recognised.

The credit risk on restricted cash and bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies, thus the risk of default is regard as low.

The Group typically provides guarantees to financial institutions for an amount up to 70% of the property purchase price for purchasers' mortgage loan financings. If a purchaser defaults on its mortgage loan repayment during the guarantee period, the financial institution may demand the Group to repay the outstanding loan balance and any interests accrued thereon on behalf of the property purchaser under the guarantee deed. Under such circumstances, the Group will forfeit the deposit placed by the property purchaser with the Group and re-sell the property to recover any outstanding loan balance and any interests accrued thereon. In this regard, the Management consider that the Group's credit risk is significantly reduced. No credit limits were exceeded during the year, and the Management does not expect any significant losses from non-performance by these counterparties.

Except for loan to a third party with carrying amount of RMB121,575,000 being classified as credit-impaired, the remaining financial assets of the Group measured at amortised cost are provided impairment based on 12m ECL.

Liquidity risk

In management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequately by the Management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Management monitors the utilisation of bank facilities and ensures compliance with relevant loan covenants, if any. The Group relies primarily on cash flows generated from its operating activities as a primary source of liquidity, and bank borrowings and senior notes as additional sources of liquidity. As at 31 December 2021, the Group has available unutilised banking facilities of RMB16,000 million (2020: RMB16,000 million).

The following table details the Group's contractual maturity for its non-derivative financial liabilities and financial guarantee based on undiscounted cash flows on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from applicable interest rate at the end of the reporting period.

44. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and polices *(Continued)*

Liquidity risk *(Continued)*

Liquidity and interest risk table

	Weighted average effective interest rate	Within 1 year	1-5 years	More than 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2021						
Non-derivative financial liabilities:						
Trade and other payables	-	3,866,148	-	-	3,866,148	3,866,148
Amounts due to fellow subsidiaries	-	167,726	-	-	167,726	167,726
Lease liabilities	3.5-5.8	31,930	165,020	541,859	738,809	550,142
Prepayments from customers	-	3,383,151	-	-	3,383,151	3,383,151
Bank loans	3.6	103,918	3,985,623	-	4,089,541	3,777,706
Senior notes	4.6	98,127	2,469,008	-	2,567,135	2,406,167
Guarantee in respect of mortgage loan facilities for certain purchasers	-	134,048	-	-	134,048	134,048
		7,785,048	6,619,651	541,859	14,946,558	14,285,088

44. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and polices *(Continued)*

Liquidity risk *(Continued)*

Liquidity and interest risk table (Continued)

	Weighted average effective interest rate %	Within 1 year RMB'000	1-5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2020						
Non-derivative financial liabilities:						
Trade and other payables	–	3,950,611	–	–	3,950,611	3,950,611
Amounts due to fellow subsidiaries	–	177,053	–	–	177,053	177,053
Lease liabilities	3.9-5.8	29,775	178,137	572,982	780,894	578,613
Prepayments from customers	–	3,115,938	–	–	3,115,938	3,115,938
Bank loans	3.7	3,825,875	–	–	3,825,875	3,786,586
Senior notes	4.6	100,423	2,641,008	–	2,741,431	2,458,747
Guarantee in respect of mortgage loan facilities for certain purchasers	–	176,978	–	–	176,978	176,978
		11,376,653	2,819,145	572,982	14,768,780	14,244,526

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

44. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of certain financial assets.

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Certain of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	31 December 2021 RMB'000	31 December 2020 RMB'000		
Listed equity securities at FVTOCI	**55,557**	71,608	Level 1	Quoted bid prices in active markets
Listed equity securities at FVTPL	**90,927**	106,330	Level 1	Quoted bid prices in active markets
Unquoted fund investment at FVTPL	**204,513**	231,960	Level 3	Calculated based on a combination of market data and valuation models. The models incorporate various inputs, including market multiples of comparable companies with a discount for lack of marketability as appropriate and other inputs Management considers to be appropriate.

There were no transfers in or out of fair value hierarchy Level 1 during both years.

The Group's unquoted fund investment was measured at fair value at each reporting date using a valuation technique with significant unobservable inputs due to no recent quoted price for reference, and hence was classified as level 3 of the fair value hierarchy.

44. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements of financial instruments *(Continued)*

(ii) Reconciliation of Level 3 fair value measurements

The following table represents the reconciliation of Level 3 measurements for the Group's unquoted fund investment at FVTPL:

	RMB'000
At 1 January 2020	200,000
Net fair value change	31,960
At 31 December 2020	231,960
Net fair value change	(27,447)
At 31 December 2021	204,513

(iii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

At the end of the reporting period, the Directors consider that the carrying amounts of financial assets and financial liabilities which are carried at amortised cost in the consolidated financial statements approximate their fair values.

45. PARTICULARS OF SUBSIDIARIES

Name of subsidiary	Place/country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/registered capital held by the Company		Principal activities
			2021	2020	
Goldjoint Group Limited (Note 1)	British Virgin Islands	Share capital – USD1	**100%**	100%	Investment holding
Eagle Ride Ventures Limited (鷹威企業有限公司)	British Virgin Islands	Share capital – USD300	**100%**	100%	Investment holding
Golden Eagle International Trading Limited (金鷹國際貿易有限公司)	Hong Kong	Share capital – HK$10,000	**100%**	100%	Investment holding
Golden Ning (Hong Kong) Limited (金寧(香港)有限公司)	Hong Kong	Share capital – HK$100	**100%**	100%	Investment holding
Jin Heng Sheng (HK) Jewelry Co. Limited (香港金恒升珠寶有限公司)	Hong Kong	Share capital – HK$94	**100%**	100%	Investment holding
iPoints Reward (HK) Company Limited (愛積分(香港)有限公司)	Hong Kong	Share capital – HK$1	**100%**	100%	On-line trading
Golden Eagle & Wonderplace Fashion (HK) Company Limited	Hong Kong	Share capital – HK$72,428,000	**51%**	51%	Investment holding
Golden Eagle Retail Management Limited (金鷹商貿管理有限公司)	Hong Kong	Share capital – HK$1	**100%**	100%	Investment holding
Golden Eagle & Toebox Co., Limited	Hong Kong	Share capital – HK$12,000,000	**66%**	66%	Investment holding
金鷹國際商貿集團(中國)有限公司 (Golden Eagle International Retail Group (China) Co., Ltd.) ("Nanjing Golden Eagle") (Note 2)	PRC	Registered capital – RMB1,137,000,000	**100%**	100%	Investment holding and operation of lifestyle centre

45. PARTICULARS OF SUBSIDIARIES *(Continued)*

Name of subsidiary	Place/country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/registered capital held by the Company		Principal activities
			2021	2020	
揚州金鷹國際實業有限公司 (Yangzhou Golden Eagle International Industry Co., Ltd.)	PRC	Registered capital – RMB40,000,000	**100%**	100%	Investment holding and operation of department store
徐州金鷹國際實業有限公司 (Xuzhou Golden Eagle International Industry Co., Ltd.)	PRC	Registered capital – RMB60,000,000	**100%**	100%	Operation of lifestyle centre
西安金鷹國際購物中心有限公司 (Xi'an Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB180,100,000	**100%**	100%	Investment holding and operation of department store
泰州金鷹商貿有限公司 (Taizhou Golden Eagle Retail Co., Ltd.)	PRC	Registered capital – RMB40,000,000	**100%**	100%	Operation of department store
昆明金鷹購物廣場有限公司 (Kunming Golden Eagle Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB930,000,000	**100%**	100%	Operation of lifestyle centre
南京金鷹珠江路購物中心有限公司 (Nanjing Golden Eagle Zhujiang Road Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB20,000,000	**100%**	100%	Operation of department store
淮安金鷹國際購物中心有限公司 (Huai'an Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB100,000,000	**100%**	100%	Operation of department store
鹽城金鷹國際購物中心有限公司 (Yancheng Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB240,000,000	**100%**	100%	Operation of lifestyle centre

45. PARTICULARS OF SUBSIDIARIES *(Continued)*

Name of subsidiary	Place/country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/registered capital held by the Company		Principal activities
			2021	2020	
上海金鷹國際購物廣場有限公司 (Shanghai Golden Eagle International Shopping Plaza Co., Ltd.)	PRC	Registered capital – RMB40,000,000	**100%**	100%	Operation of department store
南京金鷹商貿特惠中心有限公司 (Nanjing Golden Eagle Retail Outlet Co., Ltd.)	PRC	Registered capital – RMB10,000,000	**100%**	100%	Operation of department store
南京仙林金鷹購物中心有限公司 (Nanjing Xianlin Golden Eagle Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB300,000,000	**100%**	100%	Operation of lifestyle centre
連雲港金鷹國際購物中心有限公司 (Lianyungang Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB100,000,000	**100%**	100%	Operation of supermarket
昆山金鷹國際購物中心有限公司 (Kunshan Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB100,000,000	**100%**	100%	Operation of lifestyle centre
南京金鷹國際貿易有限公司 (Nanjing Golden Eagle Industry Co., Ltd.)	PRC	Registered capital – RMB10,000,000	**100%**	100%	Investment holding and trading
宿遷金鷹國際購物中心有限公司 (Suqian Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB100,000,000	**100%**	100%	Operation of department store
南京建鄴金鷹購物中心有限公司 (Nanjing Jianye Golden Eagle Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB100,000,000	**100%**	100%	Operation of lifestyle centre

45. PARTICULARS OF SUBSIDIARIES *(Continued)*

Name of subsidiary	Place/country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/registered capital held by the Company		Principal activities
			2021	2020	
淮北金鷹國際購物中心有限公司 (Huaibei Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB30,000,000	**100%**	100%	Operation of department store
溧陽金鷹國際購物中心有限公司 (Liyang Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB272,000,000	**100%**	100%	Operation of department store
徐州金鷹人民廣場購物中心有限公司 (Xuzhou Golden Eagle People Square Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB40,000,000	**100%**	100%	Operation of department store
雲南尚美投資管理有限公司 (Yunnan Shangmei Investment Management Co., Ltd.)	PRC	Registered capital – RMB156,000,000	**100%**	100%	Property holding
南京江寧金鷹購物中心有限公司 (Nanjing Jiangning Golden Eagle Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB280,000,000	**100%**	100%	Operation of lifestyle centre
蘇州高新金鷹商業廣場有限公司 (Suzhou Gaoxin Golden Eagle Commercial Plaza Co., Ltd.)	PRC	Registered capital – RMB641,430,000	**100%**	100%	Operation of lifestyle centre
南京金鷹購電子商務有限公司 (Nanjing iPoints Business Management Co., Ltd.)	PRC	Registered capital – RMB23,000,000	**100%**	100%	On-line trading
丹陽金鷹國際購物中心有限公司 (Danyang Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – USD20,000,000	**100%**	100%	Operation of lifestyle centre

45. PARTICULARS OF SUBSIDIARIES *(Continued)*

Name of subsidiary	Place/country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/registered capital held by the Company		Principal activities
			2021	2020	
鹽城金鷹聚龍湖購物中心有限公司 (Yancheng Golden Eagle Julonghu Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB100,000,000	**100%**	100%	Operation of lifestyle centre
南通金鷹圓融購物中心有限公司 (Nantong Golden Eagle Yuanrong Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB220,000,000	**100%**	100%	Operation of lifestyle centre
常州創達資產經營有限公司 (Changzhou Chuangda Assets Management Co., Ltd.)	PRC	Registered capital – RMB80,000,000	**100%**	100%	Property holding
金鷹國際海洋世界(常州)有限公司 (Golden Eagle International Ocean World (Changzhou) Co., Ltd.) ("Changzhou Ocean World") (Note 2)	PRC	Registered capital – USD6,500,000	**100%**	100%	Operation of aquarium
金鷹國際海洋世界(南京)管理有限公司 (Golden Eagle International Ocean World (Nanjing) Management Co., Ltd.) ("Nanjing Ocean World") (Note 2)	PRC	Registered capital – RMB62,000,000	**100%**	100%	Investment holding
馬鞍山金鷹國際購物中心有限公司 (Ma'anshan Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB100,000,000	**100%**	100%	Operation of lifestyle centre
南通金鷹國際房地產開發有限公司 (Nantong Golden Eagle Real Estate Development Co., Ltd.)	PRC	Registered capital – RMB20,000,000	**100%**	100%	Operation of department store
南通金鷹國際實業有限公司 (Nantong Golden Eagle Enterprises Co., Ltd.)	PRC	Registered capital – RMB20,000,000	**100%**	100%	Property investment

45. PARTICULARS OF SUBSIDIARIES *(Continued)*

Name of subsidiary	Place/country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/registered capital held by the Company		Principal activities
			2021	2020	
蕪湖金鷹國際實業有限公司 (Wuhu Golden Eagle Enterprises Co., Ltd.)	PRC	Registered capital – RMB253,599,156	**100%**	100%	Investment holding, property development and investment, hotel operation and operation of department store
蕪湖金鷹濱江世紀發展有限公司 (Wuhu Golden Eagle Riverside Century Development Co., Ltd.)	PRC	Registered capital – RMB550,000,000	**100%**	100%	Property development and investment and operation of department store
南京金鷹教育產業投資有限公司 (formerly known as 南京金鷹超市有限公司) (Nanjing Golden Eagle Education Investment Co., Ltd.)	PRC	Registered capital – RMB90,000,000	**100%**	100%	Education investment
揚州金鷹新城市中心開發有限公司 (Yangzhou Golden Eagle New City Centre Development Co., Ltd.)	PRC	Registered capital – RMB400,000,000	**100%**	100%	Property development and operation of lifestyle centre
南京金鷹便利超市管理有限公司 (Nanjing Golden Eagle Convenience Store and Supermarket Management Co., Ltd.)	PRC	Registered capital – RMB30,000,000	**100%**	100%	Operation of supermarket
吉林金鷹正業置業股份有限公司 (Jilin Golden Eagle Property Holdings Co., Ltd.)	PRC	Registered capital – RMB200,000,000	**51%**	51%	Property development and investment

45. PARTICULARS OF SUBSIDIARIES *(Continued)*

Name of subsidiary	Place/country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/registered capital held by the Company		Principal activities
			2021	2020	
南京美悅雅集化妝品有限公司 (Nanjing Beauty Collections Cosmetics Co., Ltd.)	PRC	Registered capital – RMB10,000,000	**60%**	60%	Trading of cosmetic products
南京金鷹商貿投資控股集團有限公司 (Nanjing Golden Eagle Retail Holdings Group Co., Ltd.) ("Nanjing Golden Eagle Retail") (Note 2)	PRC	Registered capital – RMB100,000,000	**100%**	100%	Investment holding
南京金鷹商業運營集團有限公司 (Nanjing Golden Eagle Business Operation Co., Ltd.)	PRC	Registered capital – RMB80,000,000	**100%**	100%	Investment holding
南京金信通信息服務有限公司 (Nanjing Golden Eagle Information Service Co., Ltd.)	PRC	Registered capital – RMB50,000,000	**100%**	100%	Communication and information service
徐州金鷹文化發展有限公司 (Xuzhou Golden Eagle Culture Development Co., Ltd.)	PRC	Registered capital – RMB40,000,000	**100%**	100%	Property development and investment

Notes:

1. Goldjoint Group Limited is held directly by the Company.

2. All of the PRC subsidiaries are companies registered as limited liability companies under the PRC law, except for Nanjing Golden Eagle, Changzhou Ocean World, Nanjing Ocean World and Nanjing Golden Eagle Retail which are registered as a wholly-foreign owned enterprise with limited liability under the PRC law.

3. The Directors are of the opinion that a complete list of the particulars of all subsidiaries will be of excessive length and therefore the above list contains only the particulars of subsidiaries at 31 December 2021 and 2020 which materially affected the results or assets and liabilities of the Group.

4. None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year and none of the subsidiaries had issued any debt securities at the end of the year.

46. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Statement of financial position of the Company at the end of the reporting period includes:

	2021 RMB'000	2020 RMB'000
Assets		
Equipment	**10**	14
Equity instruments at FVTOCI	**764**	1,145
Interests in and amounts due from unlisted subsidiaries	**3,370,362**	3,389,244
Other receivables	**4**	4
Amounts due from fellow subsidiaries	**849**	811
Bank balances and cash	**2,903**	5,922
	3,374,892	3,397,140
Liabilities		
Other payables	**16,102**	16,733
Senior notes	**2,406,167**	2,458,747
	2,422,269	2,475,480
Net assets	**952,623**	921,660
Capital and reserves		
Share capital (see note 34)	**175,146**	175,146
Reserves	**777,477**	746,514
Total equity	**952,623**	921,660

46. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Movement in reserves

	Share premium RMB'000	Capital redemption reserve RMB'000	Investment revaluation reserve RMB'000	Share option reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2020	21,221	27,692	(5,614)	5,128	467,611	516,038
Profit for the year	–	–	–	–	931,862	931,862
Fair value loss on investments in equity investments at FVTOCI	–	–	(819)	–	–	(819)
Total comprehensive (expense) income for the year	–	–	(819)	–	931,862	931,043
Shares repurchased and cancelled	(21,221)	1,686	–	–	(100,514)	(120,049)
Transfer of share option reserve upon forfeiture of share options	–	–	–	(5,128)	5,128	–
Dividends recognised as distribution (note 13)	–	–	–	–	(580,518)	(580,518)
At 31 December 2020	**-**	**29,378**	**(6,433)**	**-**	**723,569**	**746,514**
Profit for the year	**-**	**-**	**-**	**-**	**804,070**	**804,070**
Fair value loss on investments in equity investments at FVTOCI	**-**	**-**	**(382)**	**-**	**-**	**(382)**
Total comprehensive (expense) income for the year	**-**	**-**	**(382)**	**-**	**804,070**	**803,688**
Dividends recognised as distribution (note 13)	**-**	**-**	**-**	**-**	**(772,725)**	**(772,725)**
At 31 December 2021	**-**	**29,378**	**(6,815)**	**-**	**754,914**	**777,477**