



2022 中期報告
INTERIM REPORT





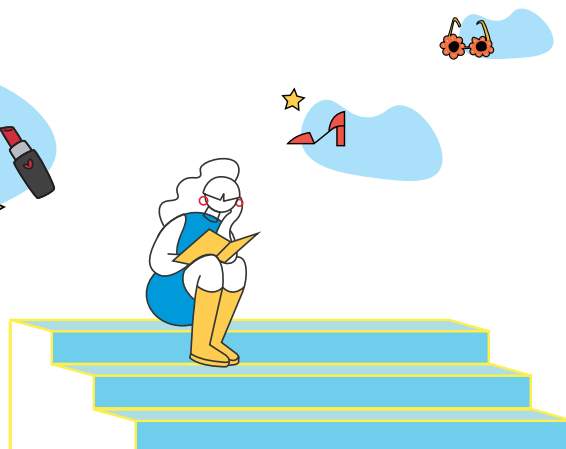
Spirit of Enterprise

Credible and Committed

Optimistic and Progressive

Dedicated and United

Diligent and Devoted





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Corporate Profile

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

Since the opening of the first store, Nanjing Xinjiekou Store, and after 27 years of dedicated operation, the Group has successfully opened 30 stores in the People's Republic of China ("PRC") with a total gross floor area of 2,503,623 square metres and a total counter area of 1,197,944 square metres as at 30 June 2022. 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 run with substantial potential for its business growth. Meanwhile, the Group will progressively expand among first and second-tier cities as well as explore 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 fulfil its corporate social responsibilities by adopting a strategy of low-carbon development that features emission reduction. It will proceed with green renovation of its retail stores and the construction of new green commercial complexes, in order to achieve sustainable development and contribution to society.

CONTINUING TO ENHANCE ORGANIC GROWTH AND DEVELOPING COMPREHENSIVE LIFESTYLE CENTRES

Focusing 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 upgrades, 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 related to children's development, maternity and baby care, healthcare, household goods and cultural and creative activities, in order to build a comprehensive lifestyle centres that meet the needs for shopping, leisure and family gatherings. As at 30 June 2022, 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 45.4% of the Group's total counter area. Following the launch of the Group's new flagship store, Nanjing 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

By utilising its core resources such as new contents, new channels and new VIP members, the Group is determined to enhance its capabilities for its business with an asset-light business model, and for providing services to meet the needs for long-term development. By adopting 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 content to align itself with the trend of consumption upgrades. The new types of business content will have the characteristics of profitability, high level of transformation 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 social media and new technologies, the Group will strengthen the integration and utilisation of its internal resources, and expedite collaboration with external shared platforms in order to continuously secure more VIP members from middle-class families and young consumer groups who value for personalised services.

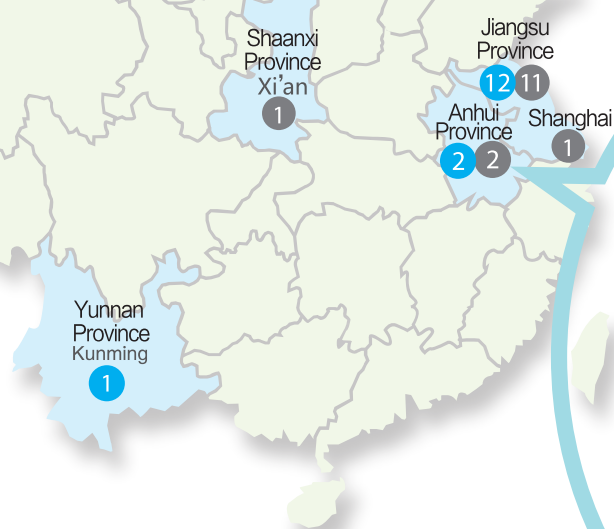
DEDICATED TO INTELLIGENT RETAIL UPGRADE TO PROVIDE VIPS WITH INNOVATIVE OMNI-CHANNEL SERVICES THAT MEET THE NEED OF CONSUMERS' DAILY LIFE AND ENHANCE THEIR SHOPPING EXPERIENCES

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 the mobile phone application "GE Life" (金鹰生活) (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 online-and-offline two-way marketing. As at 30 June 2022, the App had registered over 14.47 million downloads and recorded an average of approximately 136,000 active daily users. At the same time, out of the Group's 2.89 million 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 66.3% of the Group's total gross sales proceeds, representing a year-on-year increase of 2.0% as compared to the end of 2021.

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 experiences that the Group can utilise in the respective markets. As at 30 June 2022, the Group had 2,145 employees.

Golden Eagle In China



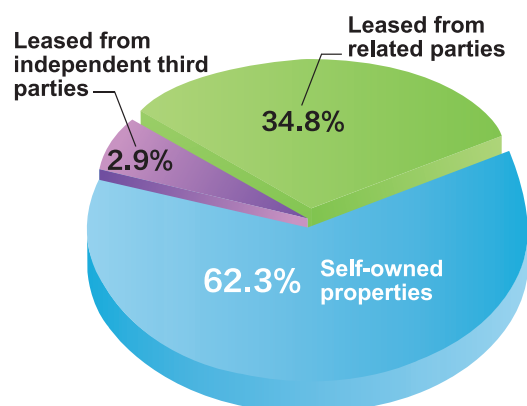
	No. of stores
● Lifestyle Centre	15
● Department Store	15
Total	30



Self-owned properties situated at prime shopping locations accounted for 62.3%* of total gross floor area

Gross Floor Area (sq.m.)			
Store in operation	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

Gross Floor Area (sq.m.)			
Store in operation	Self-owned	Leased	Sub-total
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
Total		2,503,623 ^{&}	



* As a percentage of total gross floor area (sq.m.) as at 30 June 2022

Positioned as lifestyle centre

& Excludes Liyang Store, Jiahong and Liyungang Supermarkets, Changzhou and Yancheng Aquariums and 7—Eleven convenience stores with total GFA of 84,517 sq.m. and Street Shops and Jinjiao Market Managed Area with total GFA of 287,944 sq.m., i.e. in aggregate of 372,461 sq.m.

^ Leased from independent third parties



Corporate Information

EXECUTIVE DIRECTORS

Mr. Wang Hung, Roger
Mr. Tan Jianlin (appointed on 18 August 2022)

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

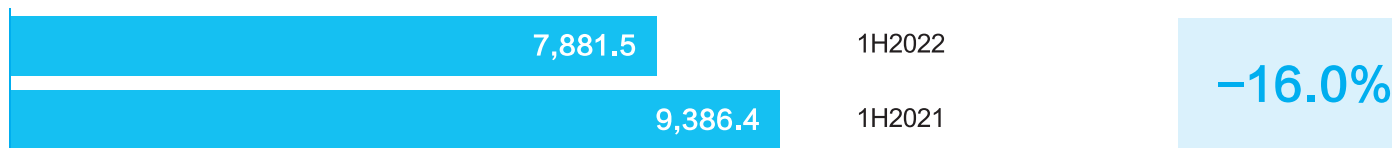
HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE (BRANCH REGISTRAR)

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

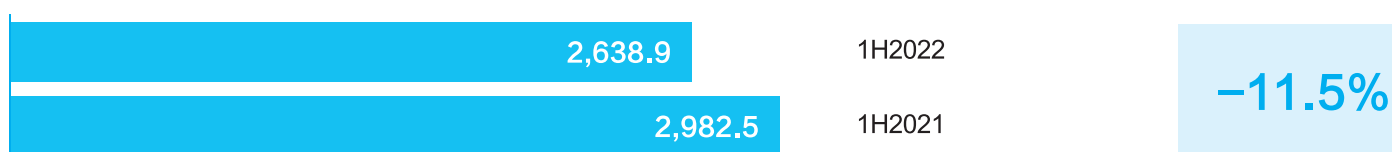


Financial Highlights

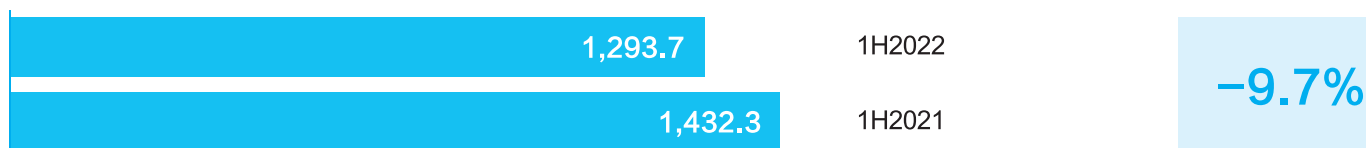
Gross Sales Proceeds (RMB Million)



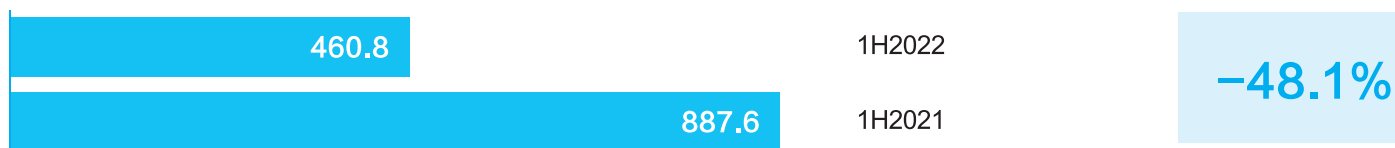
Revenue from Retail Operations (RMB Million)⁽¹⁾



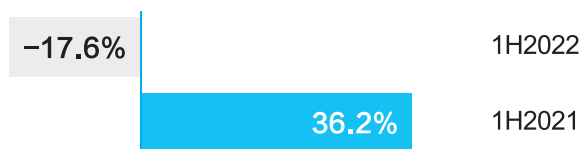
Retail Profit from Operations before Depreciation and Amortisation (RMB Million)



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!





Interim Results and Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2022

The board (the "Board") of directors (the "Directors") of Golden Eagle Retail Group Limited (the "Company") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2022 ("1H2022"), together with the unaudited comparative figures for the corresponding period in 2021 ("1H2021"). The unaudited condensed consolidated interim results have not been audited, but have been reviewed by the auditor, Messrs. Deloitte Touche Tohmatsu, and the audit committee of the Company (the "Audit Committee").

Six months ended 30 June			
	NOTES	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Revenue	3	2,786,224	3,021,423
Other income, gains and losses	5	138,934	493,219
Changes in inventories of merchandise		(1,042,890)	(1,187,398)
Cost of properties sold		(99,252)	(20,636)
Employee benefits expense		(162,955)	(168,381)
Depreciation and amortisation of property, plant and equipment and intangible asset		(191,733)	(191,948)
Depreciation of right-of-use assets		(37,642)	(38,351)
Rental expenses		(197,291)	(203,527)
Other expenses		(316,158)	(369,225)
Share of profit of associates		6,726	5,806
Share of loss of joint ventures		(198)	(538)
Finance income	6	56,351	22,863
Finance costs	7	(149,879)	(131,718)
Profit before tax		790,237	1,231,589
Income tax expense	8	(319,971)	(346,630)
Profit for the period	9	470,266	884,959
Profit (loss) for the period attributable to:			
Owners of the Company		460,816	887,561
Non-controlling interests		9,450	(2,602)
		470,266	884,959
Earnings per share			
– Basic (RMB per share)	11	0.278	0.535



Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Profit for the period	<u>470,266</u>	<u>884,959</u>
Other comprehensive expense:		
Item that may be reclassified subsequently to profit or loss:		
Share of exchange difference of associates	<u>(3,341)</u>	<u>(2,141)</u>
Items that will not be reclassified subsequently to profit or loss:		
Fair value (loss) gain on investments in equity instruments at fair value through other comprehensive income	<u>(3,925)</u>	17,798
Income tax expense relating to item that will not be reclassified to profit or loss	<u>761</u>	<u>(2,127)</u>
	<u>(3,164)</u>	<u>15,671</u>
Other comprehensive (expense) income for the period, net of tax	<u>(6,505)</u>	<u>13,530</u>
Total comprehensive income for the period	<u><u>463,761</u></u>	<u><u>898,489</u></u>
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	<u>454,311</u>	901,091
Non-controlling interests	<u>9,450</u>	<u>(2,602)</u>
	<u><u>463,761</u></u>	<u><u>898,489</u></u>



Condensed Consolidated Statement of Financial Position

At 30 June 2022

	NOTES	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	12	8,121,298	8,308,714
Right-of-use assets	12	2,453,487	2,541,874
Investment properties	12	2,495,350	2,506,671
Intangible asset		10,254	10,587
Goodwill		17,664	17,664
Interests in associates		158,376	154,991
Interests in joint ventures		13,018	14,211
Other receivables	13	59,804	58,265
Equity instruments at fair value through other comprehensive income ("FVTOCI")	14	169,574	55,557
Financial assets at fair value through profit or loss ("FVTPL")	14	233,899	204,513
Deferred tax assets		38,378	43,143
		13,771,102	13,916,190
Current assets			
Inventories		351,341	369,370
Properties under development for sale		1,594,633	1,551,987
Completed properties for sale		632,724	635,288
Trade and other receivables	13	756,971	624,410
Amounts due from fellow subsidiaries	15	52,012	49,922
Tax assets		43,127	46,580
Financial assets at FVTPL	14	610,490	90,927
Restricted cash		34,605	26,121
Bank balances and cash		7,286,981	7,651,382
		11,362,884	11,045,987



Condensed Consolidated Statement of Financial Position

At 30 June 2022

	NOTES	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Current liabilities			
Trade and other payables	16	3,571,888	4,116,750
Amounts due to fellow subsidiaries	17	182,097	167,726
Lease liabilities		28,486	30,646
Tax liabilities		543,794	577,075
Prepayments from customers		3,414,381	3,383,151
Contract liabilities	18	198,238	307,674
Bank loans		142,278	103,918
Senior notes	19	2,535,249	–
		<u>10,616,411</u>	<u>8,686,940</u>
Net current assets		<u>746,473</u>	<u>2,359,047</u>
Total assets less current liabilities		<u>14,517,575</u>	<u>16,275,237</u>
Non-current liabilities			
Bank loans		3,863,170	3,673,788
Senior notes	19	–	2,406,167
Other payables	16	105,102	138,494
Lease liabilities		512,562	519,496
Deferred tax liabilities		936,432	900,744
		<u>5,417,266</u>	<u>7,638,689</u>
Net assets		<u>9,100,309</u>	<u>8,636,548</u>
Capital and reserves			
Share capital	20	175,146	175,146
Reserves		<u>8,827,324</u>	<u>8,373,013</u>
Equity attributable to owners of the Company		<u>9,002,470</u>	<u>8,548,159</u>
Non-controlling interests		<u>97,839</u>	<u>88,389</u>
Total equity		<u>9,100,309</u>	<u>8,636,548</u>



Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Attributable to owners of the Company										
	Share capital	Capital redemption reserve	Special reserve	Property revaluation reserve	Investment revaluation reserve	Exchange reserve	Statutory surplus reserve	Retained profits	Sub-total	Attributable to non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 20)										
At 1 January 2022 (audited)	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
Profit for the period	-	-	-	-	-	-	-	460,816	460,816	9,450	470,266
Other comprehensive expense for the period	-	-	-	-	(3,164)	(3,341)	-	-	(6,505)	-	(6,505)
Total comprehensive (expense) income for the period	-	-	-	-	(3,164)	(3,341)	-	460,816	454,311	9,450	463,761
Equity instruments at fair value transferred to retained profits upon disposal	-	-	-	-	3,583	-	-	(3,583)	-	-	-
At 30 June 2022 (unaudited)	175,146	29,378	217,228	269,676	(91,293)	(2,527)	1,313,058	7,091,804	9,002,470	97,839	9,100,309
At 1 January 2021 (audited)	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 period	-	-	-	-	-	-	-	887,561	887,561	(2,602)	884,959
Other comprehensive income (expense) for the period	-	-	-	-	15,671	(2,141)	-	-	13,530	-	13,530
Total comprehensive income (expense) for the period	-	-	-	-	15,671	(2,141)	-	887,561	901,091	(2,602)	898,489
Equity instruments at fair value transferred to retained profits upon disposal	-	-	-	-	(650)	-	-	650	-	-	-
Dividends recognised as distribution (note 10)	-	-	-	-	-	-	-	(577,243)	(577,243)	-	(577,243)
At 30 June 2021 (unaudited)	175,146	29,378	217,228	269,676	(88,232)	2,680	1,233,740	6,185,524	8,025,140	87,470	8,112,610



Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Net cash generated from operating activities	552,951	797,019
Investing activities:		
Investments in structured bank deposits	(7,210,110)	(51,340,620)
Redemption of structured bank deposits	6,746,818	50,902,572
Placement of restricted cash	26,121	(242,216)
Withdrawal of restricted cash	(34,605)	28,241
Purchase of:		
– financial assets at FVTPL	(329,188)	(213,395)
– equity instruments at FVTOCI	(123,803)	(5,817)
Proceeds from disposal of:		
– financial assets at FVTPL	327,277	227,304
– equity instruments at FVTOCI	5,861	29,676
Dividends received from equity investments	1,828	247
Purchase of property, plant and equipment	(116,682)	(140,636)
Proceeds from disposal of property, plant and equipment	220	143
Proceeds from disposal of interests in a joint venture	1,260	–
Proceeds from disposal of investment properties	6,978	–
Return of investment from an associate	–	410
Interest received on bank deposits	44,711	14,265
Interest received on loan to a third party	5,307	7,500
Loan to a third party	(150,000)	–
Payment for a right-of-use asset	–	(400)
Payments of rental deposits	(20)	(551)
Refund of rental deposits	147	664
Net cash used in investing activities	(797,880)	(732,613)



Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Financing activities:		
New bank loans raised	-	3,872,096
Repayment of bank loans	-	(3,788,932)
Interest paid	(111,389)	(109,152)
Dividends paid to owners of the Company	-	(577,243)
Repayments of leases liabilities	(8,083)	(6,737)
Net cash used in financing activities	(119,472)	(609,968)
Net decrease in cash and cash equivalents	(364,401)	(545,562)
Cash and cash equivalents at 1 January	7,651,382	6,670,166
Cash and cash equivalents at 30 June, represented bank balances and cash	7,286,981	6,124,604



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

1. GENERAL AND BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

The Company is an investment holding company. The 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 Group's condensed consolidated financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Company.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed 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.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2021.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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

3. REVENUE

An analysis of the Group's revenue for the six months ended 30 June 2022 is as follows:

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Commission income from concessionaire sales	891,781	1,077,067
Direct sales	1,208,954	1,386,608
Sales of properties	138,421	29,377
Management fees	19,308	23,948
Hotel operations	8,950	9,501
Automobile services fees	-	1,468
Revenue from contracts with customers	2,267,414	2,527,969
Rental income	518,810	493,454
Total revenue	2,786,224	3,021,423
Timing of revenue recognition under HKFRS 15		
A point in time	2,239,156	2,494,520
Over time	28,258	33,449
Total	2,267,414	2,527,969



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

3. REVENUE (Continued)

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

Gross sales proceeds

Six months ended 30 June

	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Concessionaire sales	5,797,334	7,227,656
Direct sales	1,365,668	1,566,826
Sales of properties	137,996	31,332
Management fees	20,552	25,496
Hotel operations	9,510	10,107
Automobile services fees	–	1,659
Gross sales proceeds from contracts with customers	7,331,060	8,863,076
Rental income	550,471	523,314
Total gross sales proceeds	7,881,531	9,386,390

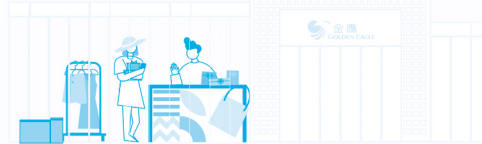
4. SEGMENT INFORMATION

HKFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the executive Directors and chief executive officer ("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

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.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

4. SEGMENT INFORMATION (Continued)

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

For the six months ended 30 June 2022

	Retail operations					
	Southern Jiangsu Province RMB'000 (unaudited)	Northern Jiangsu Province RMB'000 (unaudited)	Western and the other regions of the PRC RMB'000 (unaudited)	Subtotal RMB'000 (unaudited)	Property development and hotel operations RMB'000 (unaudited)	Other operations RMB'000 (unaudited)
						Total RMB'000 (unaudited)
Gross sales proceeds	2,870,043	4,069,394	760,077	7,699,514	165,414	16,603
Segment revenue	1,254,394	1,117,979	231,962	2,604,335	164,439	17,450
Segment results	465,877	566,432	84,958	1,117,267	35,889	(14,996)
Central administration costs and Directors' salaries						(30,933)
Other gains and losses						(229,990)
Share of profit of associates						6,726
Share of loss of joint ventures						(198)
Finance income						56,351
Finance costs						(149,879)
Profit before tax						790,237
Income tax expense						(319,971)
Profit for the period						470,266



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

4. SEGMENT INFORMATION (Continued)

	Retail operations				Property development and hotel operations	Other operations	Total
	Southern Jiangsu Province	Northern Jiangsu Province	Western and the other regions of the PRC	Subtotal			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<i>For the six months ended 30 June 2021</i>							
Gross sales proceeds	3,551,428	4,809,891	928,169	9,289,488	61,025	35,877	9,386,390
Segment revenue	1,373,682	1,294,354	272,760	2,940,796	57,503	23,124	3,021,423
Segment results	521,818	626,153	104,793	1,252,764	409	(4,851)	1,248,322
Central administration costs and							
Directors' salaries							(35,898)
Other gains and losses							122,752
Share of profit of associates							5,806
Share of loss of joint ventures							(538)
Finance income							22,863
Finance costs							(131,718)
Profit before tax							1,231,589
Income tax expense							(346,630)
Profit for the period							884,959

Segment information reported to CODM for the purposes of resources allocation and performance assessment does not include any assets and liabilities. Accordingly, no segment assets and liabilities are presented.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

5. OTHER INCOME, GAINS AND LOSSES

Other income

Income from suppliers, tenants and customers
Government grants
Others

Other gains and losses

Net foreign exchange (loss) gain
Dividend income from equity investments
Investment income from structured bank deposits
Fair value change of investment properties
Fair value change of equity investments at FVTPL
Fair value change of unquoted fund investment
Gain on deemed disposal of an associate
Gain on disposal of a joint venture
Impairment loss in relation to store suspension

Six months ended 30 June

2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
362,326	361,747
2,108	8,247
4,490	473
368,924	370,467
(312,026)	59,049
1,828	247
51,027	70,370
(4,343)	–
3,333	(3,308)
29,386	(358)
–	507
805	–
–	(3,755)
(229,990)	122,752
138,934	493,219

6. FINANCE INCOME

Interest income from bank deposits
Interest income from loan to a third party
Interest income from refundable rental deposits paid

Six months ended 30 June

2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
44,711	14,265
10,083	7,115
1,557	1,483
56,351	22,863



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

7. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest expenses on:		
Bank loans	85,527	69,832
Senior notes	58,507	58,370
Proceeds from pre-sale of properties	4,881	8,748
Refundable rental deposits received	3,107	3,847
Lease liabilities	2,738	3,669
	<u>154,760</u>	<u>144,466</u>
Less: amounts capitalised in the cost of qualifying assets		
Properties under development for sale	(4,881)	(12,748)
	<u><u>149,879</u></u>	<u><u>131,718</u></u>

Finance costs capitalised during the six months ended 30 June 2022 are calculated by applying a weighted average capitalisation rate of 4.5% (six months ended 30 June 2021: 4.2%) per annum.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
PRC Enterprise Income Tax ("EIT"):		
Current period	270,905	286,938
Land Appreciation Tax ("LAT")	7,088	2,133
Under (over) provision in prior periods	764	(3,655)
	278,757	285,416
Deferred tax charge:		
Current period	41,214	61,214
	319,971	346,630

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 periods.

Except as described below, subsidiaries of the Group located in the PRC are subject to PRC EIT rate of 25% (six months ended 30 June 2021: 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. and Xi'an Golden Eagle International Shopping Centre Co., Ltd. are entitled to a preferential income tax rate of 15% because of their locations in western part of the PRC.

During the interim period, 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" of the condensed consolidated financial statements.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

9. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting) the following items:

Depreciation and amortisation of property, plant and equipment and intangible asset

Depreciation of right-of-use assets

Less: amounts capitalised

Loss on disposal of property, plant and equipment

COVID-19-related rent concessions

Six months ended 30 June

2022	2021
RMB'000	RMB'000
(unaudited)	(unaudited)
191,733	191,948
37,642	39,418
-	(1,067)
37,642	38,351
2,520	234
(1,276)	-

10. DIVIDENDS

Dividends recognised as distribution during the period:

2020 Final dividend of RMB0.350 per share

(2021 Final dividend: nil)

Six months ended 30 June

2022	2021
RMB'000	RMB'000
(unaudited)	(unaudited)
-	577,243

Subsequent to the end of the interim period, the Directors have resolved not to declare any interim dividend for the six months ended 30 June 2022.



For the six months ended 30 June 2022



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

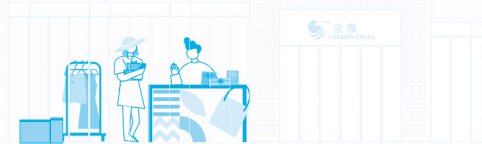
13. TRADE AND OTHER RECEIVABLES

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Trade receivables	75,073	89,036
Advances to suppliers	79,909	103,488
Rental deposits	60,365	59,265
Other deposits	21,452	16,376
Other taxes recoverable	119,569	113,642
Loans to third parties	283,039	121,575
Other receivables and prepayments	177,368	179,293
	816,775	682,675
Presented as:		
Non-current assets	59,804	58,265
Current assets	756,971	624,410
	816,775	682,675

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. There is no trade receivable from property development business at the end of the reporting periods.

Trade receivables for retail operations amounted to RMB71,329,000 (unaudited) (31 December 2021: RMB84,846,000 (audited)) were aged within 15 days and the remaining trade receivables were aged within 90 days from the respective reporting dates.

As at 30 June 2022, rental deposits amounting to RMB106,000,000 (unaudited) (31 December 2021: RMB106,000,000 (audited)) were paid to fellow subsidiaries of the Group.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

14. EQUITY INSTRUMENTS AT FVTOCI/FINANCIAL ASSETS AT FVTPL

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Equity instruments at FVTOCI		
Listed equity investments	<u>169,574</u>	<u>55,557</u>
Financial assets at FVTPL		
Non-current		
Unquoted fund investment	<u>233,899</u>	<u>204,513</u>
Current		
Structured bank deposits	514,319	–
Listed equity investments	<u>96,171</u>	<u>90,927</u>
	<u>610,490</u>	<u>90,927</u>

15. AMOUNTS DUE FROM FELLOW SUBSIDIARIES

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
南京金鷹國際實業有限公司 (Nanjing Golden Eagle International Industry Co., Ltd.)	11,489	11,489
昆山金鷹信息科技發展有限公司 (Kunshan Golden Eagle Information Technology Development Co., Ltd.)	13,628	10,981
南京金鷹國際集團有限公司 (Nanjing Golden Eagle International Group Co., Ltd.)	7,198	7,142
南京金鷹國際物業發展有限公司 (Nanjing Golden Eagle International Properties Development Co., Ltd.)	3,174	4,130
Others	<u>16,523</u>	<u>16,180</u>
	<u>52,012</u>	<u>49,922</u>

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 amounts are unsecured, interest free and repayable on demand.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

16. TRADE AND OTHER PAYABLES

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Trade payables	1,900,401	2,280,048
Payables for purchase of property, plant and equipment	406,421	481,787
Rental deposits	275,549	290,121
Suppliers' deposits	179,541	188,029
Accrued expenses	155,191	169,821
Accrued salaries and welfare expenses	24,164	58,524
Advance lease payments	12,461	18,886
Interest payable	13,711	13,484
Other taxes payable	70,750	118,274
Other payables	638,801	636,270
	3,676,990	4,255,244
Presented as:		
Non-current liabilities	105,102	138,494
Current liabilities	3,571,888	4,116,750
	3,676,990	4,255,244

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

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
0 to 30 days	1,401,230	1,732,255
31 to 60 days	108,165	185,671
61 to 90 days	35,475	64,461
Over 90 days	355,531	297,661
	1,900,401	2,280,048



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

17. AMOUNTS DUE TO FELLOW SUBSIDIARIES

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
南京金鷹國際集團有限公司 (Nanjing Golden Eagle International Group Co., Ltd.)	62,784	63,718
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.)	19,667	20,965
南京建邺金鷹科技發展有限公司 (Nanjing Jianye Golden Eagle Technology Development Co., Ltd.)	8,610	4,846
南京金鷹國際物業發展有限公司 (Nanjing Golden Eagle International Properties Development Co., Ltd.)	7,307	4,429
南京金鷹國際物業集團有限公司 (Nanjing Golden Eagle International Property Group Co., Ltd.)	7,164	10,184
南京江寧金鷹科技實業有限公司 (Nanjing Jiangning Golden Eagle Technology Industry Co., Ltd.)	4,451	–
Others	15,827	7,297
	182,097	167,726

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 the acquisition and construction of property, plant and equipment. The remaining amounts represent trade payables to fellow subsidiaries which aged within 90 days. All amounts are unsecured, interest free and repayable on demand.

18. CONTRACT LIABILITIES

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Deposits and prepayments received from pre-sale of properties	168,393	302,431
Deferred revenue arising from the Group's customer loyalty programme	29,845	5,243
	198,238	307,674



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

19. SENIOR NOTES

The senior notes denominated in United States dollar ("USD") in the aggregate outstanding principal amount of USD378.5 million, raised by the Group in May 2013, will be due for full repayment in May 2023, and therefore the notes have been reclassified under current liability as at 30 June 2022.

20. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 January 2021, 30 June 2021, 1 January 2022 and 30 June 2022	<u>5,000,000,000</u>	<u>500,000</u>
Issued and fully paid:		
At 1 January 2021 (audited), 30 June 2021 (unaudited), 1 January 2022 (audited) and 30 June 2022 (unaudited)	<u>1,660,205,000</u>	<u>166,021</u>
		RMB'000
Shown in the condensed consolidated statement of financial position:		
At 31 December 2021 (audited) and 30 June 2022 (unaudited)		<u>175,146</u>

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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.

- Level 1 fair value measurements are quoted prices (unadjusted) in active markets for identical assets;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset that are not based on observable market data (unobservable inputs).



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30 June 2022 RMB'000	31 December 2021 RMB'000		
Listed equity securities at FVTOCI	169,574	55,557	Level 1	Quoted bid prices in active markets
Listed equity securities at FVTPL	96,171	90,927	Level 1	Quoted bid prices in active markets
Structured bank deposits	514,319	–	Level 2	Discounted cash flow – future cash flows are estimated based on expected applicable yield of the underlying investment portfolio and adjustments of related expenses, discounted at a rate that reflects the credit risk of various counterparties.
Unquoted fund investment at FVTPL	233,899	204,513	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 transfer of fair value hierarchy between Level 1, 2 and 3 during both periods. 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 recently quoted price for reference, and hence was classified at Level 3 of the fair value hierarchy.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Reconciliation of Level 3 fair value measurements of financial assets

	RMB'000
At 1 January 2021 (audited)	231,960
Net fair value change	(358)
At 30 June 2021 (unaudited)	231,602
At 1 January 2022 (audited)	204,513
Net fair value change	29,386
At 30 June 2022 (unaudited)	233,899

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

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 condensed consolidated financial statements approximate their fair values.

22. CAPITAL COMMITMENTS

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment	22,246	24,205
Other commitments in respect of construction of properties under development for sale (Note)	1,432,218	1,477,722

Note: Included in the balance is RMB39,075,000 (unaudited) (31 December 2021: RMB29,435,000 (audited)) capital expenditure contracted for with fellow subsidiaries of the Group.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

23. 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:

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Equity instruments at FVTOCI	157,827	40,791
Restricted cash	34,605	26,121
Bank balances	96,101	195,212
	288,533	262,124

24. FINANCIAL GUARANTEE

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Financial guarantee in respect of mortgage loan facilities for certain purchasers	68,300	134,048

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 mortgaged 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.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

25. RELATED PARTY TRANSACTIONS

During the interim period, other than those disclosed elsewhere in the condensed consolidated financial statements, the Group had the following significant transactions with related companies:

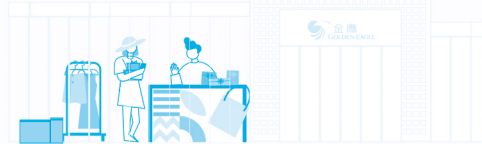
a) Transactions

Relationship with related companies	Nature of transactions	Six months ended 30 June	
		2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Fellow subsidiaries	Property rentals paid	177,134	178,688
	Property management fee paid	63,643	63,372
	Decoration service fee paid	4,006	57,421
	Carpark management service fee paid	2,944	2,715
	Management fee received	15,018	15,452
	Carpark rental income received	8,223	5,215
	Sales of merchandise	763	-

b) Compensation of key management personnel

The remuneration of Directors and other members of key management during the period was as follows:

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Salaries and other benefits	2,507	5,025
Retirement benefits schemes contributions	130	392
	<u>2,637</u>	<u>5,417</u>



Report on Review of Condensed Consolidated Financial Statements

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF GOLDEN EAGLE RETAIL GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Golden Eagle Retail Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 8 to 33, which comprise the condensed consolidated statement of financial position as of 30 June 2022 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion 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.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
18 August 2022



Management Discussion and Analysis

BUSINESS REVIEW

Retail industry overview

In the first half of 2022, amid the unprecedented global changes and a once-in-a-century coronavirus ("COVID-19") pandemic, geopolitical tensions and domestic epidemic rebound fueled complexity, severity and uncertainty to the economy. Unforeseen factors made a blow to China's economy and increased development risks and challenges. In the first half of 2022, China's gross domestic product ("GDP") was RMB56.3 trillion, with year-on-year ("YOY") growth slowing to just 2.5% from 12.7% in the same period in 2021. Meanwhile, total retail sales of consumer goods dropped by 0.7% in the first half of 2022, standing in stark contrast to the 23.0% increase in the first half of 2021. The COVID-19 outbreak in Shanghai that began in March 2022 has triggered a series of "butterfly effects", which brought a severe challenge to the production, everyday life and economic development of the whole country, especially the Yangtze River Delta region. In the first half of the year, the economy of Jiangsu Province, which is located near Shanghai and where the Group is based, echoed national slowdown. The regional GDP reached RMB5.7 trillion, a YOY increase of only 1.6%. However, under the strong leadership of the Central Government, the country has effectively coordinated the efforts of pandemic prevention and control the economic and social development, and achieved positive results. In the first half of the year, the Jiangsu government successively implemented policy packages, such as the 40-measure package and 22-measure package to support enterprises and stabilise the economy. With the improvement of the pandemic situation in Shanghai in June 2022, coupled with initial results of the policies of Jiangsu Province, the economic growth of Jiangsu Province is expected to further improve in the second half of the year.

China has now entered into a new phase of economic development. Although the consumption growth has declined, its role in economic development has gradually strengthened, and the economic growth momentum is gradually shifting from investment and export-driven to consumption-driven. The retail industry has also recalibrated strategies in various aspects in response to the new normal: from the service point of view, brands are creating emotional connections with consumers and launching more emotionally resonant marketing campaigns to build consumer confidence and enhance customer loyalty. From the perspective of consumption trends, consumer shopping channels and consumption habits have undergone significant changes. Consumers are more willing to spend for shopping experience in physical stores, and pursue high-quality products more than ever. In the retail industry where opportunities and challenges coexist, retailers must grasp the core of the consumers' actual needs, swiftly adjust merchandise portfolio, iteratively refresh brands, and improve the overall appearance and atmosphere of its stores, so as to achieve positive interactions between consumers, suppliers, and retailers, and continuously create new business growth.



Management Discussion and Analysis

Operation Management and Corporate Development

In the first half of 2022, consumption recovery was dampened by the normalisation of the pandemic, and the channel competition remained intense, which put substantial pressure on the physical retail industry. In response to the changes in consumption trends, the Group continuously improved its merchandise portfolio and optimised retail environment, actively explore new market developments, launched more interesting and influential marketing campaigns, deepened the experience and integration of member services, and implemented rejuvenating and emotional marketing strategies to drive customer engagement.

Through the endeavors of the Group and its staff, the Group's customer traffic reached 80.18 million visits⁽¹⁾, total gross sales proceeds ("GSP") reached RMB7.88 billion, while profit from operations before depreciation and amortisation (net profit before depreciation, amortisation, interest, tax and other gains and losses) ("EBITDA") amounted to RMB1.34 billion in the first half of 2022, representing a YOY decrease of 18.8%, 16.0% and 7.4% from the same period in 2021, respectively. Due to the pandemic in Shanghai and Jiangsu Province, some of the Group's stores were temporarily closed and/or shortened operating hours, resulting in a significant drop in customer traffic and retail sales in March and April 2022. As the pandemic situation gradually showed signs of easing in May 2022, retail sales gradually picked up. In light of this, the Group carried out merchandising adjustments in an orderly manner, and continued to strengthen cooperation with various brands to make their debuts in the region and with benchmark brands for flagship store openings, and optimise retail environment. In the first half of the year, the Group adjusted and upgraded a total of approximately 70,000 square metres of its counter area, involving 542 brands and accounting for 6.7% of the total counter area of the Group, and the overall occupancy rate was 90.0%.

The normalisation of the pandemic has brought about completely different consumption impacts on consumer groups with different income levels. The consumption shift of the Group's high-quality target customers has become more indicative and consumer demand has become more diversified. The Group seized the consumption trends in the post-pandemic era, and gained insight into the preferences and interests of high-quality customers. The Group focused on revitalising its retail space, continued to introduce brands to make their debuts in the region and optimised the merchandise portfolio. While giving full play to its scale advantage, the Group's Nanjing Golden Eagle World Store continued to optimise its merchandise portfolio, introduced sports brands such as DESCENTE, FILA FUSION and SAUCONY, made ANTA Champion debut in Jiangsu, and explored emerging outdoor recreation and camping trends to meet the new concept of quality life of target customers. In addition, the Group continued to solidify the leading brand portfolio in Nanjing Xinjiekou Store. While refurbishing and upgrading a number of international renowned watch brands, the Nanjing Xinjiekou Store also catered to the needs of young customers, by introducing trending categories such as talk-of-the town catering brands Red Lanterns, Moutai Ice Cream, and Beimo Coffee. Xuzhou Store introduced store debuts of Vivienne Westwood in Jiangsu, Chopard in Northern Jiangsu and ELLASSAY WEEKEND, KOREANO, DR. MARTENS, and COSMOS, etc. in the city to enhance customer experience, further expand the portfolio of the Store's exclusive brands and maintain its leading position in the local market.

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



Management Discussion and Analysis

With the upgraded consumer demands, customers are now paying more attention to customer experience in retail environments. The Group monitored the market trends, built an IP economy, cooperated with various brands and service providers from different businesses, strengthened emotional connections with consumers, and organised a number of rejuvenating, fun and innovative marketing campaigns to drive customer traffic and sales growth. Among them, under the pressure of the pandemic and the economic downturn, customer traffic during the Spring Festival of the Year of the Tiger in January 2022 increased by 7.2% YOY as compared with the same period in 2021, and generated GSP in the aggregate amount of RMB1.16 billion. In celebration of its 30th anniversary, the Group collaborated with the 50th anniversary of Smiley IP to organise a nearly three-month marketing campaign since May 2022 and partnered with its 30 retail stores and high-quality brands, providing new experiences for the customers, which gained more than 21 million times of online exposures since then. The ten-metre-high Smiley face, Smiley figure displays, Smiley carnival and other popular photogenic spots attracted a large crowd, creating emotional resonant customer experience to radiate the positive energy of Smiley.

The Group actively organised public welfare activities to demonstrate corporate social responsibility and its care for the society, and create emotional resonance with consumers. During the first half of 2022, the Group continuously cooperated with high-quality brands, media and government agencies to organise ESG and public welfare promotion activities. On 20 January 2022, the Group and the local government jointly launched a “Thank you for not going home (謝謝不回家的你)” campaign to give G•Mart (金鷹超市) Spring Festival gift hampers to the staff of the cultural tourism industry who stayed at their job position during the Spring Festival; on 8 March 2022, the Group partnered with Jiangsu Women and Children’s Welfare Foundation to organise a public welfare campaign to care for women; on 22 April 2022 Earth Day, the Group collaborated with L’Occitane to organise a series of environmental protection activities. In March and April 2022, when the pandemic broke out in many places across the country, the Group arranged store operations in an orderly manner to protect the rights and interests of employees and ensure the supply of daily necessities. At the same time, the Group adhered to the concept of mutual assistance, mutual trust, and win-win cooperation with the society. Facing the outbreak of the pandemic, the Group and its business partners have overcome the difficulties together with the implementation of a series of policies to support merchants and business partners, including granting 50% rental and property fees concessions, and allowing payments by instalments. The Group has assisted more than 2,000 merchants and business partners in an aggregate monetary amount of RMB49.0 million.

In the first half of 2022, the Group’s 7-Eleven convenience store operation expanded rapidly and debuted its market presence in Huai’an, Changzhou and Zhenjiang. The number of the Group’s convenience stores increased from 61 as at the end of 2021 to 87 as at 30 June 2022, covering seven cities. GSP generated during the period amounted to RMB88.89 million, representing a YOY increase of 73.2%. Among the 87 convenience stores, 23 are self-owned stores and 64 are franchised stores. On 18 June 2022, ten 7-Eleven convenience stores opened on the same day in six cities, and the single-day sales of all stores in Jiangsu Province exceeded RMB1.5 million. Since the commencement of franchising arrangement, the Group has opened 60 stores during the past one year and target to bring the number of stores to 100 in Jiangsu on 18 August 2022. The Group aims to open 7-Eleven convenience stores in lower-tier cities in Jiangsu to create a “15-minute convenience circle”, increase the proportion of differentiated products, optimise and introduce advanced logistics systems, ensuring product safety, speeding up product circulation, and enhancing the competitiveness of 7-Eleven’s specialty fresh food products.



Management Discussion and Analysis

The Group will continue to enhance members' privileges and optimise service experience. While promoting member digitisation, the Group will increase the proportion of member sales through precision marketing, shift its emphasis from Gross Merchandise Value ("GMV") to member Life Time Value ("LTV"), extend the life cycle of members, enhance customer stickiness, boost the sales-per-ticket and the repurchase rate, and ultimately enhance the value of the platform. Utilising the one-stop lifestyle service platform "GE Life" (金鹰生活) as the carrier, the Group provides a full range of services along the industry chain for members and brands, and creates online and offline interactions through flexible and interesting marketing approaches, thereby channeling customers to physical stores. In the first half of 2022, GE Life introduced 396,000 new members to the Group, accounting for 61.9% of the total number of new members of the Group for the period. In addition, the Group continued to integrate membership database across the Group's businesses to achieve mutual referral of members. The Group also added trending products for VIP member point redemption to enrich member choices, so as to create better member experience and extend the life cycle of members. The Group has a total of 2.89 million loyal VIP members, and the aggregate spending by those members accounted for 66.3% of the Group's total GSP, representing a YOY increase of 2.0% as compared to the end of 2021.

Outlook

In the second half of 2022, China's dynamic zero-COVID policy, coupled with the ongoing geopolitical conflicts, will continue to put pressure on domestic economic growth. In response to the slowing economy, the Central Government has quickly adopted supporting fiscal policies such as tax reduction and exemption to assist the future development of enterprises. With the rollout of corresponding policies, the Central and local governments will eliminate consumption constraints that restrict economic growth, give full play to traditional consumption, strengthen the influence of new forms of consumption, encourage market entities to speed up innovation, boost domestic demand, and reinforce the momentum of economic recovery. In the second half of the year, economic work should follow the general principle of pursuing progress while ensuring stability, fully satisfying the requirements for effective COVID-19 prevention, economic stability, and safe development, and solidifying the positive trend of economic recovery. The Group will continue to be customer-oriented, strive to improve omni-channel operations and digital supply chain, pay attention to consumer experience and services, keep abreast of the market's latest development, and seize opportunities from the new retail wave to create more diversified business content and achieve greater value growth.

In the next few years, the Group's Golden Eagle World projects in Nantong, Changzhou, and Changchun, as well as the Kunshan Phase II, Xuzhou Metro Commercial, and Yangzhou Jiangdu Phase II projects will be gradually launched in leased or self-owned properties, and the Liyang Store will be reopened after upgrading. Upon the launch of all these new stores, the Group will operate 35 retail chain stores with a total gross floor area ("GFA") of 3.4 million square metres. The Group will continue to build its competitive strengths with its capabilities of designing and planning large-scale commercial complexes, saving energy and reducing carbon dioxide emissions in smart buildings, configuring merchandise portfolio and refining operational management to scale up its business of commercial property operation and boost its operating revenue.



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 a certain extent. Due to the regional outbreaks, the Group's stores at Nantong, Xuzhou, Ma'anshan and Wuhu were closed for one to two weeks during the period in March and April 2022, while the Group's stores at Xi'an, Suzhou, Kunshan and Shanghai were closed for four to eight weeks in the second quarter of the year.

In response to the situation, the Group has adopted various measures to mitigate the adverse impact of pandemic on its business operations, including maximising operational efficiency, promoting online sales, assisting merchants and business partners in weathering the pandemic, and implementing comprehensive cost-saving measures. With adoption of the abovementioned measures, continuous efforts in merchandise adjustments and creative marketing campaigns, the Group demonstrated resilience in its recovery since the second quarter of the year 2020. However, the Group's operating results were inevitably impacted by the resurgence of the regional outbreaks since then, especially during the period when the Group's stores were temporarily closed and/or shortened their opening hours.

In response to the outbreak and resurgence of pandemic since 2020, the Group implemented 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 amounts of approximately RMB80.0 million and RMB49.0 million, respectively, during each of the first six months of 2020 and 2022. These subsidies and concessions will be recognised in the income statement over the term of the relevant contracts and tenant leases which usually range from 1 to 3 years, and the amount recognised in 1H2022 amounted to RMB22.9 million (1H2021: RMB10.7 million).

During the period under review, against the backdrop of the pandemic, GSP of the Group decreased to RMB7,881.5 million, representing a YOY decrease of 16.0% or RMB1,504.9 million. The decrease was mainly attributable to the net effects of (i) a YOY decrease of 17.6% in retail same-store sales⁽²⁾ amid the resurgence of regional outbreaks in various cities of China which resulted in the decrease in customer traffic and weakened consumer sentiment; and (ii) the increase in sales of properties by RMB106.7 million or 3.4 times to RMB138.0 million, which represented the delivery of a portion of the pre-sold units in phase one sub-sections one and two of Changchun Golden Eagle World Project to purchasers during 1H2022.

⁽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

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 GSP in a total of RMB1,926.2 million (1H2021: RMB2,342.0 million), which contributed 24.4% (1H2021: 25.0%) of the Group's total GSP during 1H2022. Nantong Lifestyle Centre, Kunshan Store, Ma'anshan Store and Suzhou Gaoxin Lifestyle Centre were temporarily closed for one week, six weeks, one week and four weeks in 1H2022, respectively.

During 1H2022, concessionaire sales contributed to 73.6% (1H2021: 77.0%) of the Group's GSP, which decreased by 19.8% YOY to RMB5,797.3 million from RMB7,227.7 million in 1H2021, while direct sales contributed to 17.3% (1H2021: 16.7%) of the Group's GSP, which decreased by 12.8% to RMB1,365.7 million from RMB1,566.8 million in 1H2021. Rental income contributed to 7.0% (1H2021: 5.6%) of the Group's GSP, which increased by 5.2% YOY to RMB550.5 million in 1H2022 from RMB523.3 million in 1H2021. Sales of properties contributed to 1.7% (1H2021: 0.3%) of the Group's GSP for 1H2022, which increased by 3.4 times YOY to RMB138.0 million from RMB31.3 million in 1H2021. Other income accounted for the remaining 0.4% (1H2021: 0.4%) of the Group's GSP, which decreased by 19.3% YOY to RMB30.0 million in 1H2022 from RMB37.3 million in 1H2021.

Commission rate from concessionaire sales increased to 17.4% (1H2021: 16.8%) while gross profit margin from direct sales decreased to 13.8% (1H2021: 14.5%), resulting in an increase in the overall gross profit margin from concessionaire sales and direct sales to 16.7% (1H2021: 16.4%). This was mainly due to the net effects of (i) the overall improvement in commission rate from concessionaire sales due to the change of merchandise sales mix, such as the increase in sales of apparel and accessories which carry a higher commission rate, and the decrease in sales of gold, jewellery and timepieces which carry a lower commission rate; and (ii) approximately 0.5% dilution on the direct sales gross profit margin due to the increase in sales of goods to the Group's 7-Eleven franchisees at procurement costs (which was in line with the Group's pricing policy) and such sales increased by 5.5 times YOY to RMB49.5 million for 1H2022 as a result of the continuous expansion of the Group's 7-Eleven franchise chain.

A breakdown of GSP from concessionaire sales and direct sales by category shows that sales of apparel and accessories contributed to 39.9% (1H2021: 39.1%) of the GSP; sales of gold, jewellery and timepieces contributed to 18.1% (1H2021: 20.3%); sales of cosmetics contributed to 16.2% (1H2021: 15.4%); sales of outdoor, sports clothing and accessories contributed to 10.4% (1H2021: 9.8%); sales at the supermarket operation (including sales of tobacco, wine and liquor) contributed to 8.2% (1H2021: 8.1%) and sales of other products such as electronics and appliances, household and handicrafts, children's wear and toys contributed the remaining 7.2% (1H2021: 7.3%) of the GSP.

During the period under review, the Group's 7-Eleven convenience stores generated RMB88.9 million GSP, which increased by 73.2% YOY from RMB51.3 million as compared to 1H2021. The number of 7-Eleven convenience stores increased from 61 (with a total GFA of 6,562 square metres) as at 31 December 2021 to 87 (with a total GFA of 8,151 square metres) as at 30 June 2022. Out of which, 23 stores (31 December 2021: 25 stores) are self-operated stores and 64 stores (31 December 2021: 36 stores) are franchised, spanning across the cities of Nanjing, Taizhou, Nantong, Yangzhou, Huai'an, Changzhou and Zhenjiang. Meanwhile, the Group's self-operated gourmet supermarket, G•Mart, has generated RMB487.3 million GSP, which decreased by 22.2% YOY from RMB626.3 million in 1H2021. The decrease was mainly caused by a decline in wine, liquor and nourishing sales during the period under review.



Management Discussion and Analysis

As at 30 June 2022, the Group's completed properties for sale and properties under development for sale amounted to RMB632.7 million (31 December 2021: RMB635.3 million) and RMB1,594.6 million (31 December 2021: RMB1,552.0 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 25,100.7 square metres as at 30 June 2022 (31 December 2021: 25,898.0 square metres). 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 96,622.7 square metres (31 December 2021: 96,765.7 square metres) and salable car parking spaces with GFA of approximately 36,106.4 square metres (31 December 2021: 37,082.8 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 93,524.5 square metres (31 December 2021: 108,758.7 square metres) as at 30 June 2022.

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. 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 total 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 2021 to the end of 2022. The respective pre-sold units are expected to be delivered to purchasers at the end of 2021 and in the year of 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 amount of RMB324.7 million had been received by the Group. A portion of these pre-sold units with GFA of 15,234.2 square metres were completed and delivered to purchasers during 1H2022 and the remaining pre-sold units with GFA of 15,750.5 square metres are expected to be delivered to purchasers in 2H2022. The Group will commence sales of the remaining units of phase one sub-sections one and two in accordance with the local market environment in 2H2022.

Sales of properties amounted to RMB138.0 million (1H2021: RMB31.3 million) with an aggregate GFA of 17,150.9 square metres (1H2021: 3,604.0 square metres) being sold during 1H2022. The sales were mainly contributed by the sales of properties at the Group's (i) Changchun Golden Eagle World Project which amounted to RMB126.0 million (1H2021: nil); (ii) Yangzhou New City Centre Project which amounted to RMB4.7 million (1H2021: RMB8.9 million); and (iii) Riverside Century Plaza Project which amounted to RMB7.3 million (1H2021: RMB22.4 million). Gross profit margin of sales of properties was 28.3% (1H2021: 29.8%).

The Group's total revenue amounted to RMB2,786.2 million, representing a decrease of 7.8% from 1H2021. The decrease in revenue was generally in line with the decrease in GSP.



Management Discussion and Analysis

Other income, gains and losses

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Other income	368,924	370,467
Other gains and losses	(229,990)	122,752
	138,934	493,219
Total operating income		
Revenue	2,786,224	3,021,423
Other income	368,924	370,467
	3,155,148	3,391,890

Other income mainly comprised of various miscellaneous operating income received from retail tenants and customers, including overall administration and management fees from concessionaires and rental tenants and credit card handling fees from retail customers. Other income remained stable. Total operating income, being the aggregate of the Group's revenue and other income, decreased to RMB3,155.1 million, representing a decrease of 7.0% or RMB236.7 million. The total retail operating income, being the total operating income excluding the operating income from property sales and hotel operations (for simple reconciliation purpose), decreased to RMB3,007.8 million, representing a decrease of 10.3% or RMB345.2 million.

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

The net amount of other gains and losses decreased by RMB352.7 million to a net loss of RMB230.0 million for 1H2022, from a net gain of RMB122.7 million in 1H2021. Such decrease was primarily due to (i) a change from a net foreign exchange gain of RMB59.0 million recognised in 1H2021 to a net foreign exchange loss of RMB312.0 million in 1H2022, representing a net foreign exchange difference of RMB371.0 million; and (ii) a fair value change of the Group's unquoted fund investment at FVTPL from a loss of RMB0.3 million recognised in 1H2021 to a gain of RMB29.4 million in 1H2022, representing a net difference of RMB29.7 million.



Management Discussion and Analysis

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 direct sales business model and the cost of properties sold. Changes in inventories of merchandise and cost of properties sold decreased by RMB65.9 million or 5.5% YOY to RMB1,142.1 million for 1H2022. Such decrease was generally in line with the net decrease in direct sales and increase in sales of properties.

Employee benefits expense

Employee benefits expense decreased by RMB5.4 million or 3.2% YOY to RMB163.0 million for 1H2022. Such decrease was primarily attributable to the net effects of (i) the continuous efforts of the Group to streamline the roles and functions of its employees at all levels; and (ii) 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 0.3 percentage point to 2.3% from 2.0% in 1H2021.

Depreciation and amortisation

Depreciation and amortisation of property, plant and equipment, intangible asset and right-of-use assets decreased by RMB0.9 million or 0.4% YOY to RMB229.4 million for 1H2022.

Depreciation and amortisation expenses as a percentage of GSP increased by 0.5 percentage point to 3.3% from 2.8% in 1H2021.

Rental expenses

Rental expenses decreased by RMB6.2 million or 3.1% YOY to RMB197.3 million for 1H2022. The Group's rental arrangements were mainly pegged to the sales and rental income generated by respective stores which operated in leased properties. The decrease in rental expenses is attributable to the net effects of the decrease in retail sales and increase in rental income of these stores during 1H2022.

Rental expenses as a percentage of GSP increased by 0.4 percentage point to 2.8% from 2.4% in 1H2021.



Management Discussion and Analysis

Other expenses

Other expenses decreased by RMB53.1 million or 14.4% YOY to RMB316.2 million for 1H2022. 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 decrease was primarily attributable to the net effects of (i) the management's consistent and disciplined approach towards cost control; (ii) the increase in utilities costs by RMB2.1 million due to the increase in utility unit costs despite the decrease in utility consumptions as a result of the decrease in customer traffic and shortening of the opening hours or temporary closing of certain of the Group's stores during 1H2022. The Group continues to take advantage of the intelligent property management measures in place in order to utilise utility resources effectively and efficiently; and (iii) the decrease in other tax expenses by RMB33.7 million as a result of the government's pandemic relief measures granted during 1H2022.

Other expenses

Utilities expenses
Property management fees
Cleaning, repair and maintenance expenses
Advertising and promotion expenses
Other tax expenses
Subcontracting service charges
Others

Six months ended 30 June

2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
108,808	106,738
71,725	71,140
48,680	54,741
16,605	24,228
13,525	47,225
4,870	5,683
51,945	59,470
316,158	369,225

Other expenses as a percentage of GSP increased by 0.1 percentage point to 4.5% from 4.4% in 1H2021.

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 RMB33.5 million or 1.5 times YOY to RMB56.4 million in 1H2022 which was mainly because of (i) the increase in interest income from bank deposits by RMB30.4 million as more capital had been deployed in bank deposits following the steady increase in the Group's operating cashflows; and (ii) the increase in interest income from loan to a third party by RMB3.0 million during 1H2022.



Management Discussion and Analysis

Finance costs

Finance costs mainly comprised of interest expenses for the Group's bank borrowings and senior notes. Finance costs increased by RMB18.2 million or 13.8% YOY to RMB149.9 million which was primarily due to the increase in London and Hong Kong Interbank Offer Rates, which the Group's floating rate syndicated loan is referenced, and the depreciation of RMB against USD and Hong Kong dollar ("HK\$") during 1H2022.

Income tax expense

Income tax expense of the Group decreased by RMB26.7 million or 7.7% YOY to RMB320.0 million. Effective tax rate for 1H2022 was 40.5% (1H2021: 28.1%). The YOY increase of 12.4 percentage points in effective tax rate was mainly due to the increase in offshore non-deductible expenses, namely offshore net foreign exchange loss.

Profit for the period

Profit for the period decreased by RMB414.7 million or 46.9% YOY to RMB470.3 million. Net profit margin, which represents net profit as a percentage of GSP, was 6.7% (1H2021: 10.6%) for 1H2022.

Profit from operations (net profit before interest, tax and other gains and losses) decreased by RMB105.2 million or 8.7% YOY to RMB1,107.2 million (1H2021: RMB1,212.4 million), while EBITDA decreased by RMB106.1 million or 7.4% YOY to RMB1,336.6 million (1H2021: RMB1,442.7 million).

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) decreased by RMB138.6 million or 9.7% YOY to RMB1,293.7 million (1H2021: RMB1,432.3 million).

During the period under review, the aggregate net operating losses generated by 3 (1H2021: 3) loss-making stores amounted to RMB9.7 million (1H2021: RMB9.7 million).

Capital expenditure

Capital expenditure of the Group for 1H2022 amounted to RMB116.7 million (1H2021: RMB140.6 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 shopping environment and the Group's competitiveness in the markets.



Other Information

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

As at 30 June 2022, 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	4,250,000	1,150,293,000	1,154,543,000 ^(Note)	69.54%

Note: These 1,154,543,000 Shares comprised (i) 1,150,293,000 Shares beneficially held by the Family Trust interest in GEICO, which in turn is interested in the entire issued share capital of Golden Eagle International Retail Group Limited, in 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 30 June 2022, 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.



Other Information

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

As at 30 June 2022, 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 of Substantial Shareholder	Nature of Interest	Number of Shares held	Percentage of shareholding
GEICO Holdings Limited ^(Note 1)	Interest in controlled corporation	1,150,293,000	69.29%
Golden Eagle International Retail Group Limited ^(Note 1)	Beneficial owner	1,150,293,000	69.29%
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:

- These Shares were held by Golden Eagle International Retail Group Limited, a wholly-owned subsidiary of GEICO which is in turn wholly-owned by the Family Trust in which Mr. Wang is the trustee.
- 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 30 June 2022, 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.



Other Information

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the period under review 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.

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 Block B Framework Agreement

On 9 November 2009, the Group entered into a framework agreement with Nanjing Golden Eagle International Group Co., Ltd. ("Golden Eagle International Group"), a fellow subsidiary of the Company ultimately wholly-owned by Mr. Wang and a connected person of the Company, 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 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.



Other Information

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"), a fellow subsidiary of the Company ultimately wholly-owned by Mr. Wang and a connected person of the Company, for the acquisition of a property which is situated at Kunshan, 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 be transferred 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.



Other Information

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 up to USD420.0 million and HKD1,408.0 million (in aggregate equivalent to approximately RMB3,941.5 million) with a group of financial institutions, which will be 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 30 June 2022.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2022, the Group's cash and near cash (including bank balances and cash, restricted cash and structured bank deposits) amounted to RMB7,835.9 million (31 December 2021: RMB7,677.5 million) whereas the Group's total borrowings (including bank borrowings and senior notes) amounted to RMB6,540.7 million (31 December 2021: RMB6,183.9 million). For 1H2022, the Group's net cash generated from operating activities amounted to RMB553.0 million (1H2021: RMB797.0 million); net cash used in investing activities amounted to RMB797.9 million (1H2021: RMB732.6 million); and net cash used in financing activities amounted to RMB119.5 million (1H2021: RMB610.0 million).

As at 30 June 2022, bank borrowings of the Group amounted to RMB4,005.4 million (31 December 2021: RMB3,777.7 million), which represented its three-year dual-currency syndicated loan to be due in full in April 2024. Senior notes of the Group in the amount of RMB2,535.3 million (31 December 2021: RMB2,406.2 million) will be due in May 2023 and accordingly, the amount has been reclassified as current liability in the current period.

The total assets of the Group as at 30 June 2022 amounted to RMB25,134.0 million (31 December 2021: RMB24,962.1 million) whereas the total liabilities of the Group amounted to RMB16,033.7 million (31 December 2021: RMB16,325.6 million), resulting in a net assets position of RMB9,110.3 million (31 December 2021: RMB8,636.5 million). The gearing ratio, which is calculated by the Group's total borrowings divided by its total assets, increased to 26.0% as at 30 June 2022 (31 December 2021: 24.8%).

PLEDGE OF ASSETS

Details of pledge of assets of the Group are set out in note 23 to the condensed consolidated financial statements.



Other Information

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group are set out in note 24 to the condensed consolidated financial statements.

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. During 1H2022, the Group recorded a net foreign exchange loss of RMB312.0 million (1H2021: a net foreign exchange gain of RMB59.0 million). The Group's operating cash flows are not subject to any exchange fluctuation.

EMPLOYEES

As at 30 June 2022, the Group employed a total of 2,145 employees (31 December 2021: 2,590 employees) with remuneration in an aggregate amount of RMB163.0 million (1H2021: RMB168.4 million). The Group's remuneration policies are formulated with reference to market practices, experiences, skills, and performances of the individual employees and are reviewed every year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During 1H2022, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

CORPORATE GOVERNANCE

The Directors are of the opinion that the Company has complied with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "Code") for 1H2022, except for provision C.2.1. of the Code. Provision C.2.1. stipulates that the roles of chairman and CEO should be separate and should not be performed by the same individual.

During the period under review, Mr. Wang acted as both the chairman of the Board and the CEO of the Company. 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. Subsequent to the end of the interim period, Mr. Tan Jianlin (談建林) has been appointed as an executive Director and the CEO of the Company on 18 August 2022 and therefore, as of the date of this report, provision C.2.1. of the Code has been complied with.



Other Information

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as stipulated in Appendix 10 to the Listing Rules as its own code of conduct regarding Director's securities transactions. Specific enquiries have been made to all the Directors, and the Directors have confirmed that they have complied with all relevant requirements as stipulated in the Model Code during 1H2022.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for those disclosed in this report, there were no other significant investments held, nor were there any material acquisition or disposal of subsidiaries during the period under review and there was no plan authorised by the Board for other material investments or additions of capital assets as at 30 June 2022 or the date of this report.

AUDIT COMMITTEE

The principal functions of the Audit Committee, established in compliance with the Listing Rules and the Code, are to review and supervise the financial reporting processes and internal control procedures of the Group. The interim results of the Group for 1H2022 have been reviewed by the Audit Committee. As at the date of this report, the Audit Committee comprised three independent non-executive Directors, namely Mr. Wong Chi Keung, Mr. Lay Danny J and Mr. Lo Ching Yan.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my heartfelt gratitude to all our staff members for their hard work and dedication and thank our shareholders, business partners and customers for their long-standing support. In the second half of the year, the Group will grasp opportunities arising from the new normal and new consumption patterns, embrace new challenges and business development opportunities, strive for innovation and breakthrough as a cohesive force, achieve high-quality development to bring better returns for shareholders.

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

Hong Kong, 18 August 2022