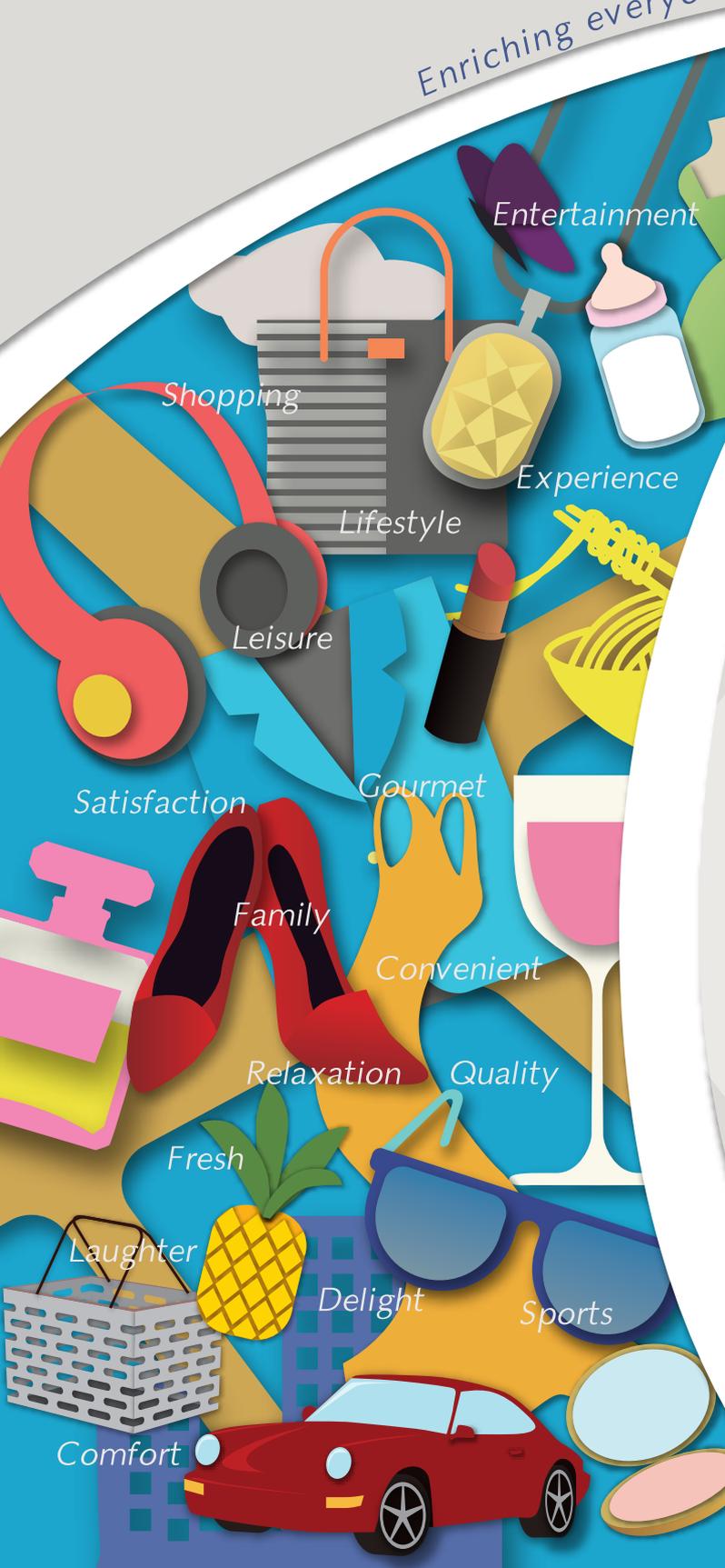
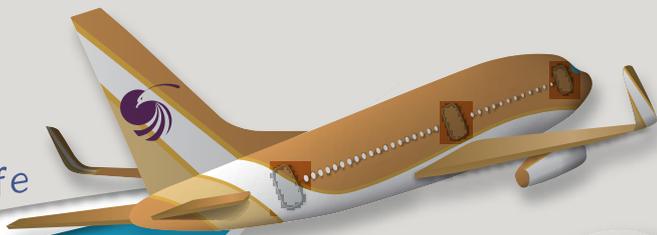


Enriching everyone's life



Shopping

Entertainment

Experience

Lifestyle

Leisure

Satisfaction

Gourmet

Family

Convenient

Relaxation

Quality

Fresh

Laughter

Delight

Sports

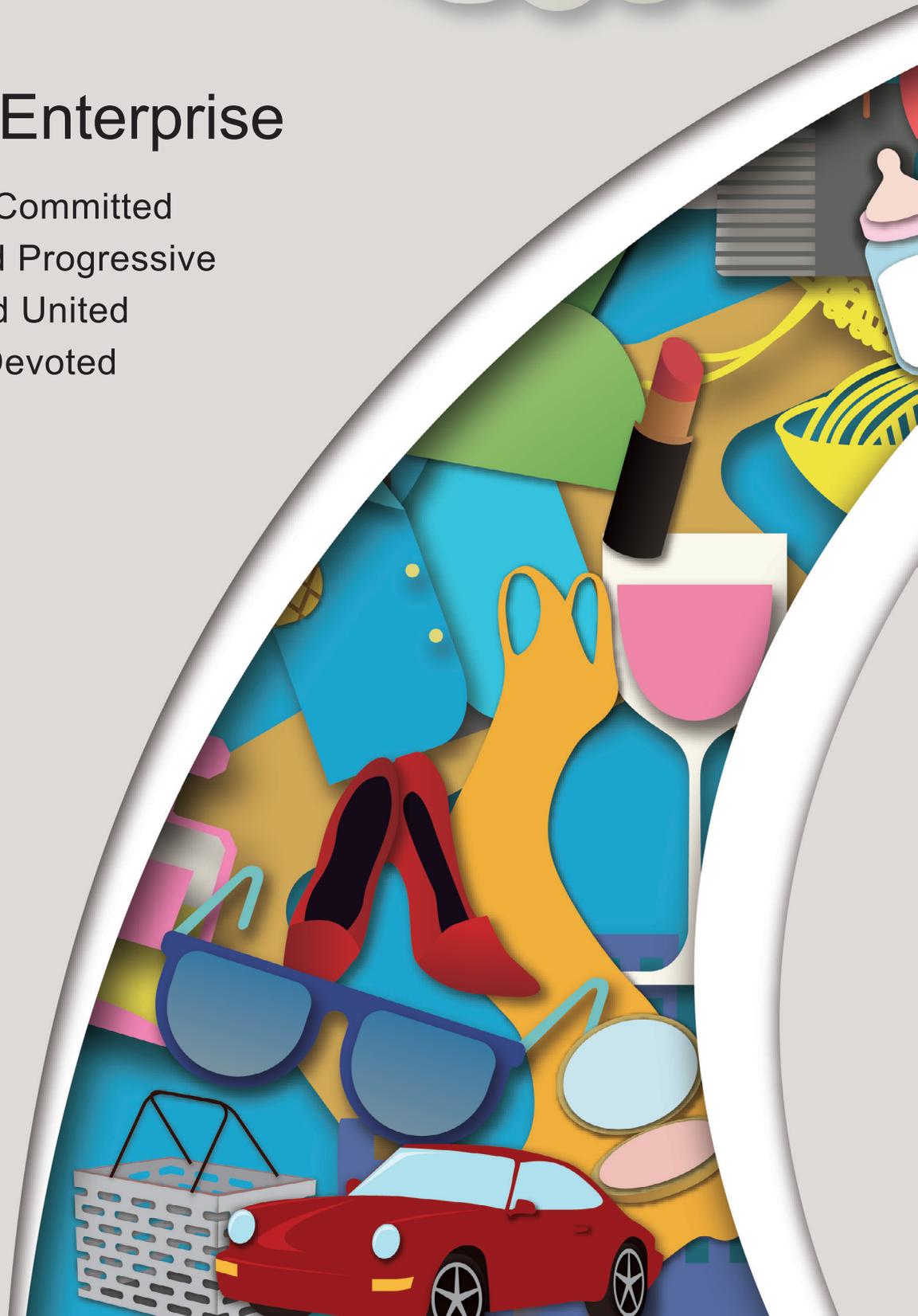
Comfort

2015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

### BUILDING NATIONWIDE CHAIN NETWORK WITH YANGTZE RIVER DELTA AS CORE

Since the opening of our first chain store, Nanjing Xinjiekou Store, over 19 years ago, the Group has successfully opened 28 self-owned stores with a total gross floor area of 1,656,447 square meters and a total operating area of 1,144,592 square meters as at 24 August 2015. These stores span four provinces and one municipality, namely Jiangsu, Anhui, Shaanxi, Yunnan and Shanghai, covering 17 cities including Shanghai, Nanjing, Nantong, Yangzhou, Changzhou, Xuzhou, Taizhou, Huai'an, Yancheng, Suqian, Liyang, Danyang, Kunshan, Hefei, Huaibei, Xi'an and Kunming.

Leveraging on our leading position and strong competitive advantages in Jiangsu Province, the Group will continue to reinforce our market leadership and presence in the regions of Jiangsu, Anhui, Shaanxi, Yunnan and Shanghai by establishing comprehensive lifestyle centers with potential for long-term competitive strengths and business growth. Meanwhile, the Group will gradually build up a nationwide retail chain network by actively exploring opportunities in the first- and second-tier cities as well as tapping into the third-tier cities where there is immense potential for growth.

### ADHERING TO THE STRATEGY OF DEVELOPING MAINLY IN SELF-OWNED PROPERTIES WITH PREMISES OF LONG-TERM LEASES AS AN ALTERNATIVE

The Group's chain stores are situated at prime shopping districts in their respective cities and the Group adheres to its core development strategies of developing mainly in self-owned properties. As at 24 August 2015, approximately 56.4% of the total gross floor area of our stores is located in self-owned properties. In order to capture opportunities for development, the Group also secures high-quality properties by entering into long-term leases for ten years or longer, hence minimizing the impact of rental increase on our department stores' operation. We also have leases with rentals calculated on the basis of a percentage of the relevant store's sales proceeds.

### PROMOTING COMPREHENSIVE LIFESTYLE CENTERS

Capitalizing on the development trends of the retailing industry targeting on mid-to-high-end market segments in China, the Group accelerated its strategic transformation from fashion department store to "Comprehensive Lifestyle Center". The Group has introduced various functional and innovative amenities, such as dining, entertainment, gourmet supermarket G-Mart, aquarium, beauty and personal care, hair styling, cinemas and preschool education in addition to our core function as an international fashion department store, and has vigorously introduced specialty brands and continued to optimize merchandise mix in order to further enhance our competitiveness and drive sales and profit growth. As at 24 August 2015, the Group opened 8 comprehensive lifestyle centers with a total gross floor area of 849,001 square meters. The operating area of these comprehensive lifestyle centers accounted for 28.9% of the Group's total operating area.

### ENRICHING CONTROLLABLE MERCHANDISE RESOURCES AND IMPROVING PROFITABILITY

Through co-operation with exquisite brands by way of buyout, distributorship and equity investment, the Group offers customers a variety of unique merchandise with high value under a rich portfolio of brands to meet target customers' needs and enhance the Group's profit margin.

## Corporate Profile

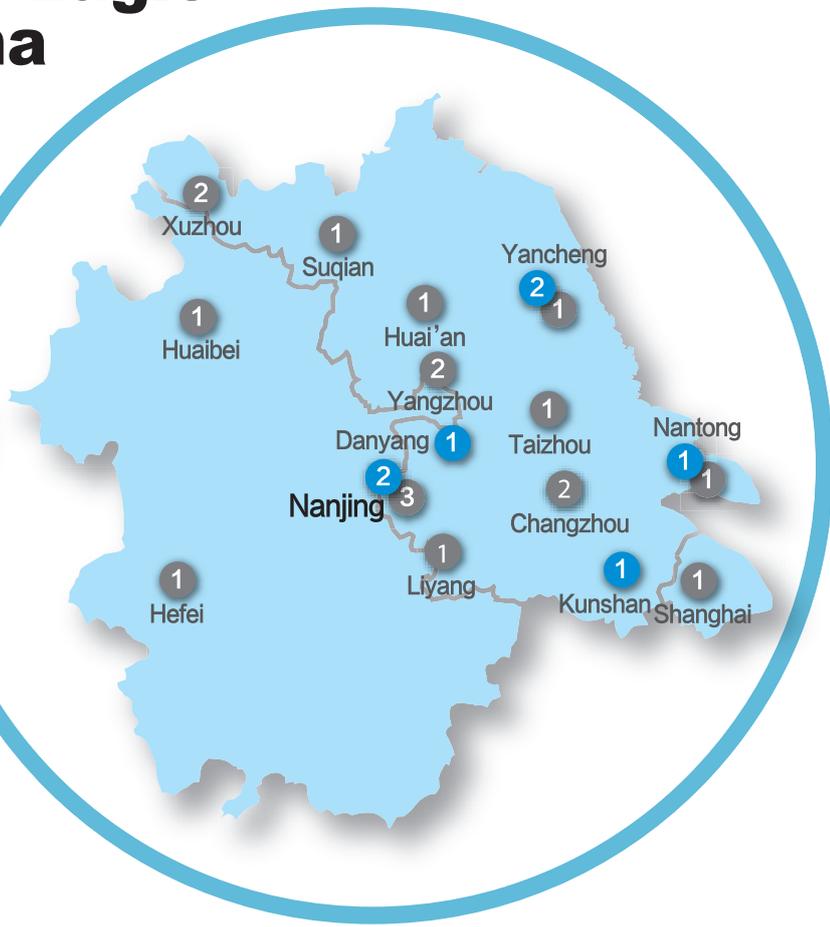
### **DEDICATED TO PROVIDING TARGET CUSTOMERS WITH HIGH QUALITY AND INNOVATIVE VALUE-ADDED VIP SERVICES AND COMPREHENSIVE ONLINE AND OFFLINE SHOPPING EXPERIENCE**

The Group endeavors to enhance the quality and enrich the content of VIP customer services. The Group's VIP membership card has covered online and offline comprehensive lifestyle services in various functions including fashion shopping, dining and leisure, hotel services, automobile sales and integrated services, an iPoints reward points redemption platform and "金鹰购 Jinying.com". The Group also fully utilizes omni-channel marketing through the mobile phone application "goodee mobile App" (掌上金鹰), the WeChat social network platform and the "Electronic VIP Card" to build and develop marketing channels with high efficiency and low cost, so as to effectively deliver real-time information about sales promotion to customers, enhance customers' shopping experience and allow customers to enjoy various VIP value-added services more easily and thus further stimulating their shopping sentiment. As at 30 June 2015, the "goodee mobile App" has registered over 3.2 million downloads, representing an increase of 60% compared with those at the end of 2014, and had 970,000 VIP customers connected their VIP membership cards with the App. The App is the most active mobile application in the department store industry in China. At the same time, the Group has successfully secured over 1.91 million loyal VIP customers. During the period under review, spending by VIP customers accounted for 55.6% of the Group's total gross sales proceeds.

### **LOCALIZED OPERATIONAL STRATEGIES WITH WORLDWIDE MANAGEMENT PERSPECTIVE**

The Group appreciates the dedication and contributions of its employees, and fosters their capabilities, competence and worldwide perspectives by conducting regular professional training sessions and overseas study trips for both the management and employees. The Group also implements localized management systems for each local market. For each of its stores, the Group recruits local talents to form a management team so that the Group can utilize their local knowledge on the respective markets. As at 30 June 2015, the Group has approximately 6,050 employees.

# Golden Eagle In China

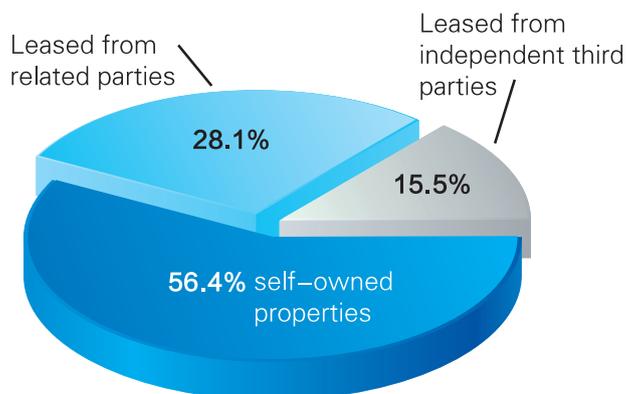


	No. of stores
● Lifestyle Center	8
● Department Store	20
Total	28

**Self-owned properties situated at prime locations accounted for 56.4%\* of total gross floor area.**

		Gross Floor Area (square meters)		
Store (in operation)		Owned	Leased	Sub-total
1	Nanjing Xinjiekou #	85,303	29,242	114,545
2	Nantong	9,297		9,297
3	Yangzhou	37,562	3,450	41,012
4	Xuzhou	59,934		59,934
5	Xi'an Gaoxin	27,287		27,287
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 #	95,904		95,904
11	Yangzhou Jinghua		29,598	29,598
12	Shanghai		19,668	19,668
13	Nanjing Hanzhong		12,462	12,462
14	Nanjing Xianlin		42,795	42,795
15	Anhui Huaibei		34,714	34,714
16	Hefei Suzhou Road		45,690	45,690
17	Changzhou Jiahong	18,362	33,458	51,820
18	Suqian	65,410		65,410
19	Liyang	53,469	18,355	71,824
20	Xuzhou People's Square	37,768		37,768

		Gross Floor Area (square meters)		
Store (in operation)		Owned	Leased	Sub-total
21	Kunming Nanya		36,870	36,870
22	Changzhou Wujin		55,200	55,200
23	Yancheng Outlet		18,377	18,377
24	Yancheng Julonghu #		110,848	110,848
25	Nantong Lifestyle #	94,700		94,700
26	Danyang #		52,976	52,976
27	Kunshan #	118,500		118,500
28	Nanjing Jiangning #		144,710	144,710
Total		1,656,447		



\* As a percentage of total gross floor area (square meters) as at 24 August 2015  
# In the format of lifestyle center

## Corporate Information

### EXECUTIVE DIRECTOR

Mr. Wang Hung, Roger

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Chi Keung

Mr. Lay Danny J

Mr. Wang Sung Yun, Eddie

### REGISTERED OFFICE

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

### PRINCIPAL PLACE OF BUSINESS IN THE PRC

8th Floor, Golden Eagle International Plaza  
89 Hanzhong Road  
Nanjing, the PRC

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

### COMPANY SECRETARY

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

### AUTHORIZED REPRESENTATIVES

Mr. Wang Hung, Roger

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

### AUDIT COMMITTEE

Mr. Wong Chi Keung (*Chairman*)

Mr. Lay Danny J

Mr. Wang Sung Yun, Eddie

### 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

### PRINCIPAL BANKERS IN THE PRC

Agricultural Bank of China

Bank of China

Bank of Communications

Bank of Nanjing

China Construction Bank

China Minsheng Banking

Hang Seng Bank (China)

Industrial and Commercial Bank of China

Shanghai Pudong Development Bank

The Bank of East Asia (China)

### PRINCIPAL BANKERS IN HONG KONG

Bank of China

Bank of Communications

Bank of Shanghai

BNP Paribas

Citi Bank

DBS Bank

East West Bank

Hang Seng Bank

Hongkong and Shanghai Banking Corporation

Industrial and Commercial Bank of China (Asia)

Natixis

Taipei Fubon Commercial Bank

The Bank of East Asia

### AUDITOR

Deloitte Touche Tohmatsu

35th Floor, One Pacific Place

88 Queensway, Hong Kong

### HONG KONG LEGAL ADVISORS

F. Zimmern & Co.

Rooms 1002-3, 10th Floor, York House

The Landmark, 15 Queen's Road Central, Hong Kong

### CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited

4th Floor, Royal Bank House

24 Shedden Road, George Town

Grand Cayman KY1-1110

Cayman Islands

### HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE (BRANCH REGISTRAR)

Computershare Hong Kong Investor Services Limited

Shop 1712-16, 17th Floor, Hopewell Centre

183 Queen's Road East, Wanchai

Hong Kong

## Financial Highlights

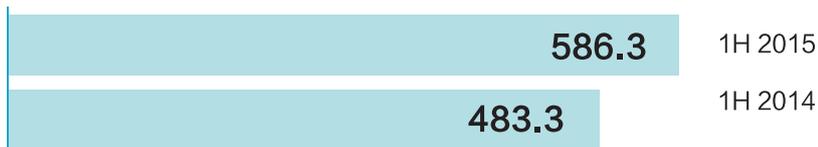
### Gross Sales Proceeds (RMB Million)



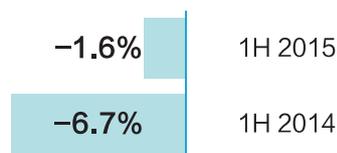
### Revenue (RMB Million)



### Profit Attributable to Owners of the Company (RMB Million)



### Same Store Sales Growth<sup>(1)</sup>



<sup>(1)</sup> Same store sales growth represents change in total gross sales proceeds for department stores having operations throughout the comparable period.



Enrich life with styles!

## Interim Results and Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2015

The board (the "Board") of directors (the "Directors") of Golden Eagle Retail Group Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2015, together with unaudited comparative figures for the corresponding period in 2014. 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").

	NOTES	Six months ended 30 June	
		2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited & restated)
Revenue	4	2,038,760	1,987,626
Other income, gains and losses	6	345,175	88,400
Changes in inventories of merchandise		(714,424)	(706,033)
Employee benefits expense		(234,367)	(190,950)
Depreciation and amortisation of property, plant and equipment and investment property		(156,894)	(103,344)
Release of prepaid lease payments on land use rights		(14,544)	(9,987)
Rental expenses		(97,633)	(91,326)
Other expenses		(371,586)	(315,704)
Share of profit (loss) of associates		6,318	(4,524)
Share of loss of a joint venture		(113)	—
Finance income	7	117,254	131,545
Finance costs	8	(108,320)	(88,941)
Profit before tax		809,626	696,762
Income tax expense	9	(225,055)	(214,243)
Profit for the period	10	584,571	482,519
Profit (loss) for the period attributable to:			
Owners of the Company		586,310	483,254
Non-controlling interests		(1,739)	(735)
		584,571	482,519
Earnings per share			
– Basic (RMB per share)	12	0.330	0.265
– Diluted (RMB per share)	12	0.328	0.264

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(unaudited)	(unaudited & restated)
Profit for the period	<b>584,571</b>	482,519
Other comprehensive income (expense):		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Profit (loss) on fair value changes of available-for-sale investments	<b>72,777</b>	(6,819)
Reclassified to loss on disposal of available-for-sale investments	<b>(66,975)</b>	(754)
Income tax relating to items that may be reclassified to profit or loss	<b>4,843</b>	1,349
Share of exchange difference of an associate	<b>207</b>	507
Other comprehensive income (expense) for the period (net of tax)	<b>10,852</b>	(5,717)
Total comprehensive income for the period	<b>595,423</b>	476,802
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	<b>597,162</b>	477,537
Non-controlling interests	<b>(1,739)</b>	(735)
	<b>595,423</b>	476,802

## Condensed Consolidated Statement of Financial Position

At 30 June 2015

	NOTES	30 June 2015 RMB' 000 (unaudited)	31 December 2014 RMB' 000 (restated)	1 January 2014 RMB' 000 (restated)
<i>Non-current assets</i>				
Property, plant and equipment	13	7,015,626	5,939,854	4,055,234
Land use rights - non-current portion	13	2,169,363	2,203,030	1,909,689
Investment property		85,434	86,477	88,564
Deposits and prepayments	14	364,200	848,363	1,254,389
Goodwill		263,179	263,179	256,908
Interests in associates		314,809	308,284	255,255
Interest in a joint venture	15	372,187	—	—
Available-for-sale investments		408,387	342,554	356,575
Investment in convertible bonds		—	—	56,049
Deferred tax assets		126,843	127,844	100,390
		<b>11,120,028</b>	<b>10,119,585</b>	<b>8,333,053</b>
<i>Current assets</i>				
Inventories		506,648	473,873	393,328
Trade and other receivables	16	618,722	515,162	446,399
Land use rights - current portion	14	47,944	37,673	36,535
Amounts due from related companies	17	182,240	23,763	20,966
Tax asset		9,963	20,319	23,298
Investments in interest bearing instruments	18	1,094,246	2,318,818	3,005,573
Structured bank deposits	18	1,696,787	1,256,957	1,244,221
Restricted cash	18	38,558	32,789	33,908
Bank balances and cash	18	1,495,853	1,821,084	1,684,803
		<b>5,690,961</b>	<b>6,500,438</b>	<b>6,889,031</b>
<i>Current liabilities</i>				
Trade and other payables	19	1,868,177	2,298,640	2,118,096
Amounts due to related companies	20	230,729	435,683	119,210
Bank loans	21	643,766	3,126,443	10,000
Tax liabilities		176,461	217,685	158,044
Deferred revenue	22	2,288,820	2,519,667	2,920,839
		<b>5,207,953</b>	<b>8,598,118</b>	<b>5,326,189</b>
Net current assets (liabilities)		<b>483,008</b>	<b>(2,097,680)</b>	<b>1,562,842</b>
Total assets less current liabilities		<b>11,603,036</b>	<b>8,021,905</b>	<b>9,895,895</b>

## Condensed Consolidated Statement of Financial Position

At 30 June 2015

	NOTES	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (restated)	1 January 2014 RMB'000 (restated)
<i>Non-current liabilities</i>				
Bank loans	21	3,593,227	—	2,086,638
Senior notes		2,419,335	2,419,569	2,407,642
Deferred tax liabilities		180,885	157,441	130,265
		<b>6,193,447</b>	2,577,010	4,624,545
Net assets		<b>5,409,589</b>	5,444,895	5,271,350
<i>Capital and reserves</i>				
Share capital	23	182,985	185,282	189,294
Reserves		5,213,700	5,254,836	5,079,867
Equity attributable to owners of the Company		<b>5,396,685</b>	5,440,118	5,269,161
Non-controlling interests		12,904	4,777	2,189
Total equity		<b>5,409,589</b>	5,444,895	5,271,350

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Attributable to owners of the Company											Attributable to non- controlling interests	Total
	Share capital RMB'000 (note 22)	Treasury shares RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Special reserve RMB'000	Investment revaluation reserve RMB'000	Exchange reserve RMB'000	Share option reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Total RMB'000		
At 1 January 2014 (as previously reported)	189,294	(210)	539,507	14,112	217,228	21,068	(14,737)	43,657	909,487	3,324,851	5,244,257	2,189	5,246,446
Effect on acquisition of subsidiaries under common control	—	—	18,000	—	—	—	—	—	619	6,285	24,904	—	24,904
At 1 January 2014 (as restated)	189,294	(210)	557,507	14,112	217,228	21,068	(14,737)	43,657	910,106	3,331,136	5,269,161	2,189	5,271,350
Profit (loss) for the period (as restated)	—	—	—	—	—	—	—	—	—	483,254	483,254	(735)	482,519
Other comprehensive (expense) income for the period	—	—	—	—	—	(6,224)	507	—	—	—	(5,717)	—	(5,717)
Total comprehensive (expense) income for the period	—	—	—	—	—	(6,224)	507	—	—	483,254	477,537	(735)	476,802
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	2,772	2,772
Shares repurchased and cancelled	(3,140)	—	(281,150)	3,140	—	—	—	—	—	(3,140)	(284,290)	—	(284,290)
Cancellation of treasury shares	—	210	—	—	—	—	—	—	—	—	210	—	210
Shares repurchased but not cancelled	—	(476)	(43,916)	—	—	—	—	—	—	—	(44,392)	—	(44,392)
Exercise of share options	9	—	526	—	—	—	—	(176)	—	—	359	—	359
Recognition of equity-settled share-based payments	—	—	—	—	—	—	—	2,150	—	—	2,150	—	2,150
Transfer of share option reserve upon forfeiture of share options	—	—	—	—	—	—	—	(2,136)	—	2,136	—	—	—
Dividends recognized as distribution (note 11)	—	—	—	—	—	—	—	—	—	(364,924)	(364,924)	—	(364,924)
At 30 June 2014 (unaudited & restated)	186,163	(476)	232,967	17,252	217,228	14,844	(14,230)	43,495	910,106	3,448,462	5,055,811	4,226	5,060,037

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Attributable to owners of the Company										Attributable to non-controlling interests		
	Share capital	Treasury shares	Share premium	Capital redemption reserve	Special reserve	Investment revaluation reserve	Exchange reserve	Share option reserve	Statutory surplus reserve	Retained profits	Total	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2015	185,282	—	157,025	18,137	217,228	16,057	(22,870)	47,008	943,948	3,848,933	5,410,748	4,777	5,415,525
Effect on acquisition of subsidiaries under common control	—	—	18,000	—	—	—	—	—	1,050	10,320	29,370	—	29,370
At 1 January 2015 (as restated)	185,282	—	175,025	18,137	217,228	16,057	(22,870)	47,008	944,998	3,859,253	5,440,118	4,777	5,444,895
Profit (loss) for the period	—	—	—	—	—	—	—	—	—	586,310	586,310	(1,739)	584,571
Other comprehensive income for the period	—	—	—	—	—	10,645	207	—	—	—	10,852	—	10,852
Total comprehensive income/(expense) for the period	—	—	—	—	—	10,645	207	—	—	586,310	597,162	(1,739)	595,423
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	9,866	9,866
Shares repurchased and cancelled	(2,315)	—	(270,674)	2,315	—	—	—	—	—	(2,315)	(272,989)	—	(272,989)
Shares repurchased but not cancelled	—	(719)	(75,643)	—	—	—	—	—	—	—	(76,362)	—	(76,362)
Exercise of share options	18	—	1,071	—	—	—	—	(364)	—	—	725	—	725
Recognition of equity-settled share-based payments	—	—	—	—	—	—	—	1,520	—	—	1,520	—	1,520
Transfer of share option reserve upon forfeiture of share options	—	—	—	—	—	—	—	(1,884)	—	1,884	—	—	—
Acquisition of subsidiaries under common control	—	—	(25,000)	—	—	—	—	—	—	—	(25,000)	—	(25,000)
Dividends recognized as distribution (note 11)	—	—	—	—	—	—	—	—	—	(268,489)	(268,489)	—	(268,489)
At 30 June 2015 (unaudited)	182,985	(719)	(195,221)	20,452	217,228	26,702	(22,663)	46,280	944,998	4,176,643	5,396,685	12,904	5,409,589

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited & restated)
Net cash used in operating activities	<b>(100,403)</b>	(326,998)
Investing activities:		
Investments in structured bank deposits	<b>(14,638,300)</b>	(5,442,470)
Redemption of structured bank deposits	<b>14,213,550</b>	5,037,470
Investments in interest bearing instruments	<b>(3,099,000)</b>	(6,631,451)
Redemption of interest bearing instruments	<b>4,324,380</b>	8,350,097
Purchase of available-for-sale investments	<b>(1,376,632)</b>	(67,498)
Proceeds from disposal of available-for-sale investments	<b>1,383,541</b>	68,447
Interest in a joint venture	<b>(372,300)</b>	—
Amounts advanced to a joint venture	<b>(170,000)</b>	—
Placement of restricted cash	<b>(59,054)</b>	(25,824)
Withdrawal of restricted cash	<b>53,285</b>	25,674
Additions to property, plant and equipment	<b>(905,111)</b>	(350,724)
Prepayments for acquisition of property, plant and equipment and land use rights	—	(189,015)
Investments in associates	—	(41,428)
Payments on lease payments of land use rights	—	(35,087)
Acquisition of subsidiaries (net of cash and cash equivalent acquired)	—	(1,665)
Proceeds on disposal of property, plant and equipment	<b>1,864</b>	912
Income received from investments in interest bearing instruments	<b>49,262</b>	78,344
Income received from structured bank deposits	<b>49,543</b>	36,937
Interest received from bank deposits	<b>2,561</b>	8,305
Dividends received from equity investments	<b>35</b>	7,834
Net cash (used in) generated from investing activities	<b>(542,376)</b>	828,858

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(unaudited)	(unaudited & restated)
Financing activities:		
New bank loans raised	<b>3,768,777</b>	900,352
Repayment of bank loans	<b>(2,704,871)</b>	(318,238)
Shares repurchase	<b>(349,351)</b>	(305,201)
Dividends paid to owners of the Company	<b>(268,489)</b>	(364,924)
Interest paid	<b>(94,110)</b>	(90,350)
Proceeds on exercise of share options	<b>726</b>	359
Distribution to the shareholders	<b>(45,000)</b>	—
Capital contribution from non-controlling interests	<b>9,866</b>	—
	<b>317,548</b>	(178,002)
Net cash generated from (used in) financing activities		
Net (decrease) increase in cash and cash equivalents	<b>(325,231)</b>	323,858
Cash and cash equivalents at 1 January	<b>1,821,084</b>	1,684,803
Cash and cash equivalents at 30 June, representing bank balances and cash	<b>1,495,853</b>	2,008,661

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

### 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 Law 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, 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 development and operation of stylish department store chain 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 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 financial instruments which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

### 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>3</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>4</sup>
Amendments to HKAS 1	Disclosure Initiative <sup>4</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>4</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle <sup>4</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>4</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>4</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018.

<sup>2</sup> Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2017.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2016.

The Directors anticipate that the adoption of HKFRS 9 in the future may have an impact on the amounts reported in respect of the Group's financial assets. The Group is still in the process of assessing the impact and such impact will be disclosed in the future consolidated financial statements upon the completion of a detailed review.

Other than disclosed above, the Directors of the Company anticipate that the application of the other new and revised standards or amendments will have no material impact on the results and the financial position of the Group.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

### 3. PREPARATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### (A) Change in presentation of condensed consolidated statement of profit or loss and other comprehensive income

In the current interim period, in order to better reflect the Group's performance in its department store operations and its investments in various retail related businesses, the Directors of the Company have decided to modify the presentation layout of the condensed consolidated statement of profit or loss and other comprehensive income. "Other operating income" and "other gains and losses" had been grouped as a new line item "other income, gains and losses" in the condensed consolidated statement of profit or loss and other comprehensive income. Certain comparative figures for the six months ended 30 June 2014 have been re-classified to conform to the current period presentation. Details are set out as follows:

	Six months ended 30 June 2014 (Originally stated) RMB'000	Reclassification RMB'000	Six months ended 30 June 2014 (Unaudited & restated) RMB'000
Other operating income	123,843	(123,843)	—
Other gains and losses	(37,627)	37,627	—
Other income, gains and losses	—	86,216	86,216
	N/A	—	N/A

#### (B) Business combinations under common control:

##### *Golden Ning Group (defined as below):*

On 2 December 2014, the Group entered into the sale and purchase agreement with Golden Star Hong Kong Development Limited ("Golden Star"), which is an indirect wholly-owned subsidiary of GEICO, to acquire 100% equity interest in Golden Ning (HK) Limited ("Golden Ning") and its subsidiaries (Golden Ning together with its subsidiaries are collectively referred to as the "Golden Ning Group"), at a cash consideration of RMB20,000,000. Golden Ning is an investment holding company and the Golden Ning Group is principally engaged in aquarium development and operation in the PRC. The consideration paid/payable for the acquisition of the Golden Ning Group is accounted for as distribution to the Group's controlling shareholders, which has been fully settled during the period.

Details and the effects of adopting merger accounting to account for the acquisition of the Golden Ning Group on the Group's consolidated statement of financial position as at 31 December 2013 and 31 December 2014 are set out in the published annual report of the Group for the year ended 31 December 2014.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

3. PREPARATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)

## (B) Business combinations under common control: (Continued)

**Golden Ning Group:** (Continued)

Since GEICO is the ultimate holding company of the Company and the Golden Ning Group prior to and after the acquisition, the acquisition involves business combination under common control and has been accounted for using the principles of merger accounting, based on the guidance set out in Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA ("Accounting Guideline 5"). As a result, the comparative of condensed consolidated statement of profit or loss and other comprehensive income and the condensed consolidated statement of cash flows for the six months ended 30 June 2014 and the condensed consolidated statement of financial position as at 1 January 2014 have therefore been restated, in order to include the results of the combining entities since the date when they first come under common control.

The effects of adopting merger accounting to account for the acquisition of the Golden Ning Group on the condensed consolidated statement of profit or loss and other comprehensive income of the Group for the current and prior periods are as follows:

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Increase in revenue	<b>5,814</b>	4,244
Increase (decrease) in other income, gains and losses	<b>121</b>	(53)
Changes in inventories of merchandise	<b>(1,340)</b>	(1,853)
Increase in employee benefits expense	<b>(2,762)</b>	(1,982)
Increase in depreciation of property, plant and equipment	<b>(2,513)</b>	(1,104)
Increase in rental expenses	<b>(720)</b>	(724)
Increase in other expenses	<b>(1,807)</b>	(3,249)
Increase in finance income	—	9
Decrease in income tax expense	<b>801</b>	1,126
	<hr/>	<hr/>
Net decrease in profit and total comprehensive income for the period	<b>(2,406)</b>	(3,586)
	<hr/> <hr/>	<hr/> <hr/>
Net decrease in profit and total comprehensive income for the period attributable to:		
Owners of the Company	<b>(2,406)</b>	(3,586)
	<hr/> <hr/>	<hr/> <hr/>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

### 3. PREPARATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### (B) Business combinations under common control: (Continued)

##### **Motor Entities (defined as below):**

On 3 December 2014, the Group entered into certain sale and purchase agreements with Nanjing Golden Eagle International Motor Sales Services Group Co., Ltd. 南京金鷹國際汽車銷售服務集團有限公司, which is an indirect wholly owned subsidiary of GEICO, to conditionally acquire 100% equity interests of Nanjing Golden Eagle Suxing Motor Sales Co., Ltd. 南京金鷹蘇星汽車銷售服務有限公司, Nanjing Golden Eagle Suxing Motor Inspection Co., Ltd. 南京金鷹蘇星機動車檢測有限公司 and Nanjing Suxing Motor Sales Co., Ltd. 南京蘇星汽車銷售服務有限公司 (hereinafter collectively referred to as the "Motor Entities") at cash considerations of RMB16,710,000, RMB7,490,000 and RMB800,000 respectively. The Motor Entities are principally engaged in the businesses of automobile sales, services and exhibition. The acquisitions of the Motor Entities were approved at the extraordinary general meeting of the Company held on 26 June 2015. The considerations paid/payable for the acquisitions of the Motor Entities are accounted for as distributions to the Group's controlling shareholders, which have been fully settled during the period.

Since GEICO is also the ultimate holding company of the Motor Entities prior to and after the acquisitions, the acquisitions involve business combination under common control and have been accounted for using the principles of merger accounting, based on the guidance set out in Accounting Guideline 5. As a result, the comparative of condensed consolidated statement of profit or loss and other comprehensive income and the condensed consolidated statement of cash flows for the six months ended 30 June 2014 and the condensed consolidated statement of financial position as at 31 December 2014 and 1 January 2014 have therefore been restated, in order to include the results of the combining entities since the date when they first come under common control.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

3. PREPARATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)

## (B) Business combinations under common control: (Continued)

**Motor Entities:** (Continued)

The effects of adopting merger accounting to account for the acquisitions of the Motor Entities on the condensed consolidated statement of profit or loss and other comprehensive income of the Group for the current and prior period are as follows:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Increase in revenue	130,729	206,237
Increase in other income, gains and losses	1,668	2,237
Changes in inventories of merchandise	(121,591)	(194,458)
Increase in employee benefits expense	(4,031)	(5,090)
Increase in depreciation of property, plant and equipment	(1,061)	(1,098)
Increase in rental expenses	(1,101)	(650)
Increase in other expenses	(2,354)	(3,000)
Increase in finance income	90	114
Increase in finance costs	(242)	(235)
Increase in income tax expense	(553)	(1,047)
	<hr/>	<hr/>
Net increase in profit and total comprehensive income for the period	<b>1,554</b>	3,010
	<hr/> <hr/>	<hr/> <hr/>
Net increase in profit and total comprehensive income for the period attributable to:		
Owners of the Company	<b>1,554</b>	3,010
	<hr/> <hr/>	<hr/> <hr/>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

3. PREPARATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)

## (B) Business combinations under common control: (Continued)

*Motor Entities: (Continued)*

The effects of adopting merger accounting to account for the acquisitions of the Motor Entities on the condensed consolidated statement of financial position as at 31 December 2014 and 1 January 2014 are as follows:

	31 December 2014			1 January 2014		
	(Originally stated)	Adjustments	(Restated)	(Originally stated)	Adjustments	(Restated)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Non-current assets</i>						
Property, plant and equipment	5,933,205	6,649	5,939,854	4,046,816	8,418	4,055,234
Land use rights - non-current portion	2,203,030	—	2,203,030	1,909,689	—	1,909,689
Investment property	86,477	—	86,477	88,564	—	88,564
Deposits and prepayments	848,363	—	848,363	1,254,389	—	1,254,389
Goodwill	263,179	—	263,179	256,908	—	256,908
Interests in associates	308,284	—	308,284	255,255	—	255,255
Available-for-sale investments	342,554	—	342,554	356,575	—	356,575
Investment in convertible bonds	—	—	—	56,049	—	56,049
Deferred tax assets	127,844	—	127,844	100,390	—	100,390
	<u>10,112,936</u>	<u>6,649</u>	<u>10,119,585</u>	<u>8,324,635</u>	<u>8,418</u>	<u>8,333,053</u>
<i>Current assets</i>						
Inventories	439,394	34,479	473,873	354,530	38,798	393,328
Trade and other receivables	483,508	31,654	515,162	407,569	38,830	446,399
Land use rights - current portion	37,673	—	37,673	36,535	—	36,535
Amounts due from related companies	15,354	8,409	23,763	15,740	5,226	20,966
Tax asset	20,319	—	20,319	23,298	—	23,298
Investments in interest bearing instruments	2,303,438	15,380	2,318,818	3,005,573	—	3,005,573
Structured bank deposits	1,256,957	—	1,256,957	1,244,221	—	1,244,221
Restricted cash	28,458	4,331	32,789	25,908	8,000	33,908
Bank balances and cash	<u>1,819,722</u>	<u>1,362</u>	<u>1,821,084</u>	<u>1,666,004</u>	<u>18,799</u>	<u>1,684,803</u>
	<u>6,404,823</u>	<u>95,615</u>	<u>6,500,438</u>	<u>6,779,378</u>	<u>109,653</u>	<u>6,889,031</u>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

3. PREPARATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)

## (B) Business combinations under common control: (Continued)

*Motor Entities: (Continued)*

	31 December 2014			1 January 2014		
	(Originally stated)	Adjustments	(Restated)	(Originally stated)	Adjustments	(Restated)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Current liabilities</i>						
Trade and other payables	2,249,373	49,267	2,298,640	2,054,716	63,380	2,118,096
Amounts due to related companies	422,555	13,128	435,683	99,500	19,710	119,210
Bank loans	3,116,443	10,000	3,126,443	—	10,000	10,000
Tax liabilities	217,186	499	217,685	157,967	77	158,044
Deferred revenue	2,519,667	—	2,519,667	2,920,839	—	2,920,839
	<u>8,525,224</u>	<u>72,894</u>	<u>8,598,118</u>	<u>5,233,022</u>	<u>93,167</u>	<u>5,326,189</u>
Net current (liabilities) assets	<u>(2,120,401)</u>	<u>22,721</u>	<u>(2,097,680)</u>	<u>1,546,356</u>	<u>16,486</u>	<u>1,562,842</u>
Total assets less current liabilities	<u>7,992,535</u>	<u>29,370</u>	<u>8,021,905</u>	<u>9,870,991</u>	<u>24,904</u>	<u>9,895,895</u>
<i>Non-current liabilities</i>						
Bank loans	—	—	—	2,086,638	—	2,086,638
Senior notes	2,419,569	—	2,419,569	2,407,642	—	2,407,642
Deferred tax liabilities	157,441	—	157,441	130,265	—	130,265
	<u>2,577,010</u>	<u>—</u>	<u>2,577,010</u>	<u>4,624,545</u>	<u>—</u>	<u>4,624,545</u>
Net assets	<u>5,415,525</u>	<u>29,370</u>	<u>5,444,895</u>	<u>5,246,446</u>	<u>24,904</u>	<u>5,271,350</u>
<i>Capital and reserves</i>						
Share capital	185,282	—	185,282	189,294	—	189,294
Reserves	5,225,466	29,370	5,254,836	5,054,963	24,904	5,079,867
Equity attributable to owners						
of the Company	5,410,748	29,370	5,440,118	5,244,257	24,904	5,269,161
Non-controlling interests	4,777	—	4,777	2,189	—	2,189
Total equity	<u>5,415,525</u>	<u>29,370</u>	<u>5,444,895</u>	<u>5,246,446</u>	<u>24,904</u>	<u>5,271,350</u>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 4. REVENUE

The Group's revenue generated from commission income from concessionaire sales, net amount received and receivable for goods sold, less returns and allowances, rental income and provision of automobile services fees. An analysis of the Group's revenue for the six months ended 30 June 2015 is as follows:

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited & restated)
Commission income from concessionaire sales	<b>1,060,756</b>	1,097,874
Direct sales	<b>860,147</b>	815,484
Rental income	<b>102,061</b>	60,909
Automobile services fees	<b>15,796</b>	13,359
	<b><u>2,038,760</u></b>	<u>1,987,626</u>

Gross sales proceeds represent the gross amount of concessionaire sales, direct sales, rental income and automobile services fees charged to customers.

**Gross sales proceeds**

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited & restated)
Concessionaire sales	<b>7,266,558</b>	7,150,460
Direct sales	<b>1,005,729</b>	953,430
Rental income	<b>108,175</b>	64,522
Automobile services fees	<b>18,233</b>	15,330
	<b><u>8,398,695</u></b>	<u>8,183,742</u>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 5. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief operating decision makers, the Group's executive directors and the chief executive officer, for the purposes of resource allocation and performance assessment are as follows:

- Southern Jiangsu Province, including operations at Nanjing, Changzhou, Liyang, Kunshan and Danyang
- Northern Jiangsu Province, including operations at Nantong, Yangzhou, Xuzhou, Taizhou, Huai'an, Yancheng and Suqian
- Western region of the PRC, including operations at Xi'an and Kunming
- Others represent the total of other operating segments that are individually not reportable

No operating segments identified by the chief operating decision makers have been aggregated in arriving at the reportable segments of the Group.

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

For the six months ended 30 June 2015

	Southern Jiangsu Province RMB'000 (unaudited)	Northern Jiangsu Province RMB'000 (unaudited)	Western region of the PRC RMB'000 (unaudited)	Total reportable segment RMB'000 (unaudited)	Others RMB'000 (unaudited)	Total RMB'000 (unaudited)
Gross sales proceeds	2,860,489	4,082,867	916,561	7,859,917	538,778	8,398,695
Segment revenue	773,235	877,576	181,836	1,832,647	206,113	2,038,760
Segment results	219,741	396,181	80,397	696,319	(40,487)	655,832
Central administration costs and Directors' salaries						(44,538)
Other gains and losses						183,193
Share of profit of associates						6,318
Share of loss of a joint venture						(113)
Finance income						117,254
Finance costs						(108,320)
Profit before tax						809,626
Income tax expense						(225,055)
Profit for the period						584,571

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 5. SEGMENT INFORMATION (Continued)

	Southern Jiangsu Province RMB'000 (unaudited & restated)	Northern Jiangsu Province RMB'000 (unaudited)	Western region of the PRC RMB'000 (unaudited)	Total reportable segment RMB'000 (unaudited & restated)	Others RMB'000 (unaudited)	Total RMB'000 (unaudited & restated)
<i>For the six months ended 30 June 2014</i>						
Gross sales proceeds	<u>2,761,965</u>	<u>3,812,892</u>	<u>979,068</u>	<u>7,553,925</u>	<u>629,817</u>	<u>8,183,742</u>
Segment revenue	<u>821,632</u>	<u>793,844</u>	<u>188,116</u>	<u>1,803,592</u>	<u>184,034</u>	<u>1,987,626</u>
Segment results	<u>276,944</u>	<u>404,711</u>	<u>71,833</u>	<u>753,488</u>	<u>(17,121)</u>	<u>736,367</u>
Central administration costs and Directors' salaries						(39,970)
Other gains and losses						(37,715)
Share of loss of associates						(4,524)
Finance income						131,545
Finance costs						<u>(88,941)</u>
Profit before tax						696,762
Income tax expense						<u>(214,243)</u>
Profit for the period						<u>482,519</u>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 6. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(unaudited)	(unaudited & restated)
<b>Other income</b>		
Income from suppliers and customers	152,960	118,034
Government grants	8,125	7,503
Others	897	578
	<u>161,982</u>	<u>126,115</u>
<b>Other gains and losses</b>		
Net foreign exchange gains (losses)	11,813	(44,263)
Dividend income from equity investments	35	7,834
Changes in fair value of held-for-trading investments	104,370	462
Derivative component of investment in convertible bonds	—	(2,502)
Investment revaluation reserve reclassified to profit or loss on disposal of available-for-sale investments	66,975	754
	<u>183,193</u>	<u>(37,715)</u>
	<u><u>345,175</u></u>	<u><u>88,400</u></u>

## 7. FINANCE INCOME

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(unaudited)	(unaudited & restated)
Income from structured bank deposits	64,623	45,169
Income from investments in interest bearing instruments	50,070	74,829
Interest income on bank deposits	2,561	8,305
Effective interest income on investment in convertible bonds	—	3,242
	<u>117,254</u>	<u>131,545</u>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 8. FINANCE COSTS

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(unaudited)	(unaudited & restated)
Interest expenses on:		
Bank loans wholly repayable within five years	68,305	41,132
Senior notes wholly repayable after five years	58,610	58,017
	<u>126,915</u>	<u>99,149</u>
Less: amounts capitalized in the cost of qualifying assets	(18,595)	(10,208)
	<u>108,320</u>	<u>88,941</u>

Finance costs capitalized during the six months ended 30 June 2015 are calculated by applying a weighted average capitalization rate of 4.0% (six months ended 30 June 2014: 4.2%) per annum.

## 9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(unaudited)	(unaudited & restated)
PRC Enterprise Income Tax ("EIT"):		
Current period	197,054	206,522
(Over) under provision in prior periods	(1,245)	1,958
	<u>195,809</u>	<u>208,480</u>
Deferred tax charge:		
Current period	29,246	5,763
	<u>225,055</u>	<u>214,243</u>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

### 9. INCOME TAX EXPENSE (Continued)

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

Pursuant to the relevant PRC EIT laws, subsidiaries of the Group in the PRC are subject to PRC EIT rate of 25% (six months ended 30 June 2014: 25%), except for Xi'an Golden Eagle International Shopping Centre Co., Ltd. which was granted on 24 April 2014 a preferential income tax rate of 15% effective from 1 January 2013 for 8 years.

The PRC EIT laws impose 10% withholding tax upon the distribution of the profits earned by the PRC subsidiaries on or after 1 January 2008 to other overseas shareholders. For investors incorporated in Hong Kong which hold at least 25% of equity interest of those PRC companies, a preferential rate of 5% will apply. Deferred tax has been provided for in respect of the temporary differences attributable to those portion of profits earned by those PRC subsidiaries.

### 10. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(unaudited)	(unaudited & restated)
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	155,851	102,300
Amortisation of investment property	1,043	1,043
Release of prepaid lease payments on land use rights	23,396	18,839
Less: amounts capitalized	<b>(8,852)</b>	<b>(8,852)</b>
	<b>14,544</b>	9,987
Loss on disposal of property, plant and equipment	<b>364</b>	24

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

### 11. DIVIDENDS

Dividends recognized as distribution during the period:

Final dividend for the year ended 31 December 2014 of RMB0.151  
(year ended 31 December 2013: RMB0.203) per share

Six months ended 30 June	
2015	2014
RMB'000	RMB'000
(unaudited)	(unaudited)
<b>268,489</b>	<b>364,924</b>

Subsequent to the end of the interim period, the Directors of the Company have determined that an interim dividend of RMB0.110 (six months ended 30 June 2014: RMB0.088) per share will be paid to the owners of the Company whose names appear in the Register of Members on 16 September 2015.

### 12. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding during the period after taking into account the effect of dilutive share options of the Company.

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

#### Earnings

Earnings for the purposes of basic and diluted earnings per share  
(profit for the period attributable to owners of the Company)

Six months ended 30 June	
2015	2014
RMB'000	RMB'000
(unaudited)	(unaudited & restated)
<b>586,310</b>	<b>483,254</b>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 12. EARNINGS PER SHARE (Continued)

	Six months ended 30 June	
	2015	2014
	'000	'000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>1,779,385</b>	1,823,973
Effect of dilutive potential ordinary shares attributable to share options	<b>7,618</b>	7,711
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>1,787,003</b>	1,831,684

Certain outstanding share options of the Company have not been included in the computation of diluted earnings per share as they did not have dilutive effect to the Company's earnings per share during both the six months ended 30 June 2015 and 30 June 2014 because the exercise prices of these options were higher than the average market prices of the Company's shares during both periods.

## 13. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND LAND USE RIGHTS

During the interim period, additions to property, plant and equipment amounted to RMB1,172,737,000 (six months ended 30 June 2014: RMB100,313,000) were recorded for construction and renovation of the Group's new department stores and amounted to RMB61,461,000 (six months ended 30 June 2014: RMB1,015,359,000) were recorded for construction, renovation and expansion of the Group's existing stores in order to expand and/or upgrade its operating capabilities. During the interim period, there was no addition recorded for acquisition of land use rights (six months ended 30 June 2014: RMB35,087,000).

During the six months ended 30 June 2014 and 2015, RMB568,750,000 and nil of the deposits for acquisition of property, plant and equipment had been reclassified as property, plant and equipment respectively.

As at 30 June 2015, the Group is in the process of obtaining title deeds of buildings with carrying value of approximately RMB2,789,036,000 (31 December 2014: RMB1,767,485,000) and land use right certificates in respect of medium-term land use rights with a carrying value of RMB856,257,000 (31 December 2014: RMB1,044,079,000).

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 14. DEPOSITS AND PREPAYMENTS

	<b>30 June 2015 RMB'000 (unaudited)</b>	31 December 2014 RMB'000 (audited)
Prepayments for acquisition of property, plant and equipment and land use rights (Note 1)	<b>50,000</b>	534,163
Deposit for acquisition of a joint venture (Note 2)	<b>300,000</b>	300,000
Rental deposits	<b>14,200</b>	14,200
	<b>364,200</b>	848,363

Notes:

- As at 31 December 2014, included in the balance were prepayments of RMB434,163,000 paid to a fellow subsidiary of the Group for construction of a property which was delivered to the Group for department store operation during the interim period. The amount was reclassified to property, plant and equipment account during the interim period.
- On 28 December 2014, the Group entered into an agreement with the Vendors and Vendors' Guarantors (as defined in the Company's announcement dated 28 December 2014) to acquire 51% equity interest in Suzhou Qianning Property Co., Ltd. ("Suzhou Qianning"), which is engaged in property development in the PRC, at a consideration of RMB1,286,000,000. A deposit of RMB300,000,000 was paid in 2014. As at the end of the interim period and up to the date of this report, the transaction has not been completed.

## 15. INTEREST IN A JOINT VENTURE

At 30 June 2015, the amount represents the Group's 51% equity interest in Yangzhou Golden Eagle New City Centre Industrial Co., Ltd. 揚州金鷹新城市中心實業有限公司 ("Yangzhou Golden Eagle New City"). The Group holds 51% of its registered capital and voting right in general meeting. Pursuant to the joint venture agreement, Yangzhou Golden Eagle New City is jointly controlled by the Group and the other party because certain operation and management decisions of the joint venture are required for two-thirds consent in the board meeting and unanimous consent in the general meeting. The remaining 49% equity interest of Yangzhou Golden Eagle New City is held by an independent third party. In the opinion of the Directors of the Company, Yangzhou Golden Eagle New City is accounted for as a joint venture of the Group.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 16. TRADE AND OTHER RECEIVABLES

	<b>30 June 2015 RMB'000 (unaudited)</b>	31 December 2014 RMB'000 (restated)
Trade receivables	<b>32,895</b>	54,873
Trade prepayments to suppliers	<b>77,010</b>	110,613
Deposits (Note)	<b>104,848</b>	69,550
Deposits paid for purchases of goods	<b>3,845</b>	1,490
Other taxes recoverable	<b>162,588</b>	86,596
Other receivables and prepayments	<b>237,536</b>	192,040
	<b><u>618,722</u></b>	<u>515,162</u>

Note: Included in the balance is RMB56,298,000 (31 December 2014: RMB21,000,000) rental deposits paid in respect of leasing of properties for department store operations from fellow subsidiaries of the Group.

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. Trade receivables for department store operations were all aged within 15 days from the respective reporting dates and had been fully settled subsequent to the end of the interim reporting period. There was no credit period granted for the sales of motor vehicles and related services.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 17. AMOUNTS DUE FROM RELATED COMPANIES

	<b>30 June 2015 RMB'000 (unaudited)</b>	31 December 2014 RMB'000 (restated)
Yangzhou Golden Eagle New City (Note 1)	<b>170,000</b>	—
南京金鷹國際集團有限公司 (Nanjing Golden Eagle International Group Co., Ltd.) ("Nanjing Golden Eagle Group") (Note 2)	<b>3,571</b>	3,563
上海金鷹天地實業有限公司 (Shanghai Golden Eagle Tiandi Industry Co., Ltd.) (Note 2)	<b>2,261</b>	2,837
昆山金鷹置業有限公司 (Kunshan Golden Eagle Real Estate Co., Ltd.) (Note 2)	<b>1,530</b>	—
丹陽金鷹天地實業有限公司 (Danyang Golden Eagle City Industrial Co., Ltd.) (Note 2)	<b>1,530</b>	—
雲南金鷹實業有限公司 (Yunnan Golden Eagle Industry Co., Ltd.) (Note 2)	<b>1,094</b>	3,061
南京金鷹工程建設有限公司 (Nanjing Golden Eagle Construction and Development Co., Ltd.) ("Nanjing Construction and Development") (Note 2)	<b>17</b>	4,334
南京金鷹國際汽車銷售服務集團有限公司 (Nanjing Golden Eagle International Automobile Sales Service Group Co. Ltd.) ("Nanjing Golden Eagle Automobile") (Note 2)	—	8,409
Others	<b>2,237</b>	1,559
	<b>182,240</b>	23,763

At 30 June 2015, the amounts of RMB150,000,000 due from Yangzhou Golden Eagle New City is unsecured, interest free and repayable on demand and the remaining amount of RMB20,000,000 is unsecured, bears interest rate at 6% per annum and fully repaid subsequent to the period end.

The amounts due from Nanjing Golden Eagle Group and Nanjing Construction and Development represent payments made to them for the acquisition of property, plant and equipment. The amounts due from Nanjing Golden Eagle Automobile represent non-trade related balances which were fully settled during the period. The remaining amounts represent prepayments made for property rentals and property management fees.

Notes:

1. A joint venture of the Group.
2. Fellow subsidiaries of the Group.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 18. INVESTMENTS IN INTEREST BEARING INSTRUMENTS, STRUCTURED BANK DEPOSITS, RESTRICTED CASH AND BANK BALANCES AND CASH

	<b>30 June 2015</b>	31 December 2014
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(restated)
Investments in interest bearing instruments (Note 1)	<b>1,094,246</b>	2,318,818
Structured bank deposits (Note 2)	<b>1,696,787</b>	1,256,957
Restricted cash (Note 3)	<b>38,558</b>	32,789
Bank balances and cash (Note 4)	<b>1,495,853</b>	1,821,084
	<b><u>4,325,444</u></b>	<u>5,429,648</u>

Notes:

- At 30 June 2015, included in investments in interest bearing instruments of RMB1,094,246,000 (31 December 2014: RMB1,568,418,000 (restated)) represents the Group's investments in entrusted RMB loans or other restricted low risk debt instruments arranged by banks in the PRC. The investments are principal guaranteed which carried variable rates of interest and are state at amortized cost with effective interest ranging from 1.7% to 5.5% (31 December 2014: 4.3% to 6.5%) per annum for a term of one month to one year.

At 31 December 2014, the remaining balance of RMB750,400,000 represented the Group's investment in a trust fund managed by a trust company for a term of one month which was fully settled in January 2015.

- Structured bank deposits represent foreign currency or interest rate linked structured bank deposits ("SBDs") placed by the Group to a number of banks for a term of one month to one year. Pursuant to the relevant underlying agreements, the SBDs carry interest at variable rates from 2.5% to 5.2% (31 December 2014: 2.8% to 5.7%) per annum with reference to the performance of foreign currency or interest rate during the investment period and the principal sums are denominated in RMB fixed and guaranteed by those banks. In the opinion of the Directors, the fair value of embedded derivatives does not have material impacts on the financial performance and financial position of the Group.
- Restricted cash represents balances maintained in interest reserve accounts for the purpose of syndicated loans interest payments and bank deposits restricted for settlement of concessionaire sales of precious metal.
- Bank balances and cash comprise cash held by the Group and short-term bank deposits with original maturities of three months or less. Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term bank deposits are made for various periods ranging from 1 to 3 months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The effective interest rate for short-term bank deposits during the six months ended 30 June 2015 is approximately 1.0% (31 December 2014: 1.0%) per annum.

As at the end of the interim reporting period, a significant portion of the above balances was denominated in RMB, which are not freely convertible into other currencies. The remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 19. TRADE AND OTHER PAYABLES

	<b>30 June 2015 RMB'000 (unaudited)</b>	31 December 2014 RMB'000 (restated)
Trade payables	<b>1,056,235</b>	1,397,578
Suppliers' deposits	<b>129,118</b>	131,887
Purchase of property, plant and equipment	<b>266,476</b>	273,968
Accrued expense	<b>85,417</b>	97,449
Notes payable	<b>40,000</b>	18,200
Interest payable	<b>12,121</b>	13,378
Other taxes payable	<b>41,448</b>	95,610
Accrued salaries and welfare expenses	<b>28,381</b>	49,805
Other payables	<b>208,981</b>	220,765
	<b><u>1,868,177</u></b>	<b><u>2,298,640</u></b>

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	<b>30 June 2015 RMB'000 (unaudited)</b>	31 December 2014 RMB'000 (restated)
0 to 30 days	<b>804,084</b>	1,150,979
31 to 60 days	<b>122,682</b>	115,894
61 to 90 days	<b>44,144</b>	48,191
Over 90 days	<b>85,325</b>	82,514
	<b><u>1,056,235</u></b>	<b><u>1,397,578</u></b>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 20. AMOUNTS DUE TO RELATED COMPANIES

	<b>30 June 2015 RMB'000 (unaudited)</b>	31 December 2014 RMB'000 (restated)
Nanjing Construction and Development (Note 1)	<b>123,103</b>	223,889
昆山金鷹置業有限公司 (Kunshan Golden Eagle Real Estate Co., Ltd.) ("Kunshan Golden Eagle") (Note 1)	<b>56,288</b>	—
Nanjing Golden Eagle Group (Note 1)	<b>46,573</b>	177,451
廣州銀特文服裝貿易有限公司 (Guangzhou Silver Tweng Clothing Trade Co., Ltd.) (Note 2)	<b>2,335</b>	—
安徽三新鐘錶有限公司 (Anhui Sanxin) (Note 3)	<b>715</b>	40
南京金鷹國際汽車銷售服務集團有限公司 (Nanjing Golden Eagle International Automobile Sales Service Group Co., Ltd.)	—	13,128
Golden Star (Note 1)	—	20,000
Others	<b>1,715</b>	1,175
	<b><u>230,729</u></b>	<b><u>435,683</u></b>

The amounts due to Nanjing Construction and Development, Nanjing Golden Eagle Group and Kunshan Golden Eagle are related to acquisition of property, plant and equipment, and the remaining amounts represent trade payables to related companies which are unsecured, interest-free and repayable on demand. The amount due to Golden Star was related to the acquisition of the Golden Ning Group under common control which was fully settled during the period.

Notes:

1. Fellow subsidiaries of the Group.
2. A subsidiary of a minority shareholder of the Group.
3. An associate of the Group.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

### 21. BANK LOANS

During the interim period, the Group raised short-term bank loans amounting to approximately RMB223,773,000 (six months ended 30 June 2014: RMB900,352,000) and repaid short-term bank loans amounting to approximately RMB2,704,871,000 (six months ended 30 June 2014: RMB318,238,000). Further, the Group raised long-term bank loans amounting to approximately RMB3,545,004,000 (six months ended 30 June 2014: nil).

### 22. DEFERRED REVENUE

	<b>30 June 2015 RMB'000 (unaudited)</b>	31 December 2014 RMB'000 (audited)
Prepayments from customers	<b>2,240,770</b>	2,486,732
Deferred revenue arising from the Group's customer loyalty programme	<b>48,050</b>	32,935
	<b><u>2,288,820</u></b>	<u>2,519,667</u>

### 23. SHARE CAPITAL

	<b>Number of shares</b>	<b>Share capital HKD'000</b>
Ordinary shares of HKD0.10 each		
<b>Authorized:</b>		
At 1 January 2015 and 30 June 2015	<u>5,000,000,000</u>	<u>500,000</u>
<b>Issued and fully paid:</b>		
At 1 January 2015 (audited)	1,786,012,000	178,601
Shares repurchased and cancelled	(30,911,000)	(3,091)
Exercise of share options	218,000	22
At 30 June 2015 (unaudited)	<u>1,755,319,000</u>	<u>175,532</u>
		<b>RMB'000</b>
Shown in the condensed consolidated financial statements:		
At 30 June 2015 (unaudited)		<b><u>182,985</u></b>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

### 23. SHARE CAPITAL (Continued)

During the interim period, pursuant to the general mandate given to the Directors of the Company, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	No. of ordinary shares of HKD0.10 each of the Company	Price per share		Aggregate consideration paid HKD'000
		Highest HKD	Lowest HKD	
For the six months ended 30 June 2015:				
- March 2015	1,754,000	9.15	9.08	16,037
- April 2015	4,816,000	11.50	10.88	54,364
- May 2015	8,283,000	12.64	11.18	98,009
- June 2015	25,170,000	11.70	10.14	274,410
	<u>40,023,000</u>			<u>442,820</u>

During the six months ended 30 June 2015, 30,911,000 shares were cancelled and 9,112,000 shares were recognized as treasury shares as at 30 June 2015.

### 24. 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 the fair value hierarchy into which the fair value measurements are categorized (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 those derived from quoted prices (unadjusted) in active market 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).

Financial assets	Fair value as at 30 June 2015		Basis of fair value measurement	Significant unobservable inputs
	RMB'000	Fair value hierarchy		
Available-for-sale listed equity securities	408,387	Level 1	Quoted prices in active markets	N/A

The Directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognized in the condensed consolidated financial statements approximate their fair values.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 25. OPERATING LEASE ARRANGEMENTS

## The Group as leasee

At the end of the interim reporting period, the Group had commitments for future minimum lease payments in respect of certain office, warehouses and department store properties rented under non-cancellable operating leases which fall due as follows:

	<b>30 June 2015 RMB'000 (unaudited)</b>	31 December 2014 RMB'000 (restated)
Within one year	<b>56,612</b>	44,361
In the second to fifth year inclusive	<b>233,211</b>	306,798
Over five years	<b>779,626</b>	1,160,405
	<b><u>1,069,449</u></b>	<u>1,511,564</u>

Included in the balances above were future minimum lease payments under non-cancellable operating leases payable to certain fellow subsidiaries of the Company which fall due as follows:

	<b>30 June 2015 RMB'000 (unaudited)</b>	31 December 2014 RMB'000 (audited)
Within one year	<b>7,739</b>	5,147
In the second to fifth year inclusive	<b>3,207</b>	5,147
	<b><u>10,946</u></b>	<u>10,294</u>

The above lease commitments represent only the basic rents and do not include contingent rents payable in respect of lease contracts with certain landlords, including fellow subsidiaries of the Group, which stipulate monthly lease payments should be chargeable on a percentage of the store's gross sales proceeds after related sales taxes and discounts. It is not possible to estimate in advance the amount of such contingent rent payable. Rental expenses paid under these contingent lease contracts during the six months ended 30 June 2015 amounted to RMB77,339,000 (six months ended 30 June 2014: RMB63,442,000).

Operating lease payments represent rentals payable by the Group for certain office, warehouses and department store properties. Leases are negotiated for terms ranging from 1 to 20 years with fixed and/or contingent rents.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

### 25. OPERATING LEASE ARRANGEMENTS (Continued)

#### The Group as lessor

At the end of the interim reporting period, the Group had contracted with tenants for the following future minimum lease payments in respect of department store properties:

	<b>30 June 2015 RMB'000 (unaudited)</b>	31 December 2014 RMB'000 (audited)
Within one year	<b>161,917</b>	139,088
In the second to fifth year inclusive	<b>472,632</b>	389,392
Over five years	<b>120,169</b>	84,837
	<b><u>754,718</u></b>	<u>613,317</u>

Other than the above-mentioned minimum lease payment contracts, the Group also entered into contingent lease contracts with certain tenants, which stipulate monthly lease payments should be calculated in accordance with certain ratios based on tenants' monthly gross sales or gross profit. Rental income received from these contingent lease contracts during the six months ended 30 June 2015 amounted to approximately RMB88,863,000 (six months ended 30 June 2014: RMB48,260,000).

Leases are generally negotiated for terms ranging from 1 to 15 years.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 26. CAPITAL COMMITMENTS

Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:

- acquisition of property, plant and equipment and land use rights (Note)
- acquisition of joint ventures
- investment in an associate
- investment in a subsidiary

<b>30 June 2015 RMB'000 (unaudited)</b>	31 December 2014 RMB'000 (audited)
<b>385,486</b>	885,666
<b>1,021,700</b>	986,000
<b>40,764</b>	30,764
<b>4,800</b>	10,200
<b><u>1,452,750</u></b>	<u>1,912,630</u>
—	25,000

Capital expenditure contracted for but not yet approved by the extraordinary general meeting:

- acquisition of subsidiaries

Note: Included in the balance is RMB25,069,000 (31 December 2014: RMB609,142,000) capital expenditure contracted for with fellow subsidiaries of the Group.

## 27. PLEDGE OF ASSETS

At 30 June 2015, the Group has pledged equity interests of certain of its subsidiaries and created fixed and floating charges over the assets of these subsidiaries to secure the syndicated loan facility granted to the Group.

Assets with the following carrying amounts have been pledged to secure the syndicated loan facility:

	<b>30 June 2015 RMB'000 (unaudited)</b>	31 December 2014 RMB'000 (restated)
Available-for-sale investments	<b>93,573</b>	68,398
Restricted cash	<b>32,166</b>	17,104
Bank balances and cash	<b>16,807</b>	33,452
	<b><u>142,546</u></b>	<u>118,954</u>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

## 28. RELATED PARTY TRANSACTIONS

During the period, other than those disclosed in notes 3, 14, 15, 16, 17, 20, 25 and 26, the Group had the following significant transactions with related parties:

## a) Transactions

Relationship with related parties	Nature of transactions	Six months ended 30 June	
		2015 RMB'000 (unaudited)	2014 RMB'000 (audited)
Fellow subsidiaries of the Group	Acquisition of property, plant and equipment	1,125,750	875,000
	Decoration service fee paid	119,495	19,678
	Property management fee paid	44,296	35,182
	Property and ancillary facilities rentals paid	54,715	46,195
	Project management fee	8,991	—
	Carpark management service fee paid	1,292	956
	Rental income	1,017	—
Associates	Purchase of merchandise	4,946	11,300

## b) Compensation of key management personnel

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

	Six months ended 30 June	
	2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Salaries and other benefits	2,683	2,485
Retirement benefits schemes contributions	276	170
Equity-settled share-based payments	822	941
	3,781	3,596

## Independent Review Report on Condensed Consolidated Financial Statements

**Deloitte.**  
德勤

### TO THE BOARD OF DIRECTORS OF GOLDEN EAGLE RETAIL GROUP LIMITED

#### 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 43, which comprise the condensed consolidated statement of financial position as of 30 June 2015 and the related condensed consolidated 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 Main Board Listing 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

24 August 2015

## Management Discussion and Analysis

### BUSINESS REVIEW

#### Industry Overview

During the first half of 2015, the global economy remained complex and only managed a slow recovery. Among the world's major economies, the United States remained on track to an economic recovery for the long term despite the quarter-on-quarter contraction of its economy in the first quarter of the year. The country's Federal Reserve meeting postponed the possible interest rate hike to the second half of the year. As oil prices, exchange rate and interest rate remained at a low level, the Eurozone maintained the momentum of its economic recovery and its quantitative easing policy yielded noticeable effect. However, Greece's potential debt default could hinder the region's recovery in the second half of the year. Meanwhile, Japan's economy demonstrated signs of growth in the first quarter but turned sluggish in the second quarter, indicating its fragility.

In China, the country's economic recorded a steady growth in the first half of 2015. The steady pace of growth indicated the economy hitting the bottom. The Chinese government continued to implement active fiscal policy and prudent monetary policy, and pressed ahead with reforms to streamline the administration and delegate and decentralize the governmental power, encourage the development of new industry which stimulate economic activities and bolster the market confidence. In addition, the Central Bank cut the required reserve ratio and interest rates for several times during the second quarter, which eased the pressure of the high cost of financing for sustaining the real economy and thus helped to facilitate its recovery.

In the first half of 2015, the gross domestic product ("GDP") in China grew by 7.0% year on year and reached RMB29.7 trillion. The country's total retail sales of consumer goods grew by 10.4% year on year to RMB14.2 trillion in the first half of the year. Yet, the pace of growth was 1.7 percentage points lower than that recorded in the same period of 2014. Urban disposable income per capita increased by 8.1% to RMB15,699. After adjustment for inflation, the GDP growth in real term was 6.7%. Consumer price index inflation rose by 1.3% over the same period.

During the first half of 2015, Jiangsu Province, where the Group has already established a leading position in the market, achieved a GDP growth of 8.5% to RMB3.4 trillion on the basis of comparable prices. Total retail sales of consumer goods in the province grew by 9.9% year on year to RMB1.3 trillion, while the urban disposable income per capita increased by 7.9% over the same period last year. These economic indicators confirmed the Group's strong belief in pursuing further development in Jiangsu Province.

#### Business Operation and Management

Affected by the global economic slowdown, mid-market and high-end retailers in China saw slack results in the first half of 2015. Meanwhile, the emerging e-commerce has been reshaping the consumption habit of the Chinese consumers, affecting the operations of traditional department stores, the impact of which could not be neglected. Although the Group was affected by the change in global economic environment and competition from new modes of retailing, it managed a year on year growth of 2.6% in the gross sales proceeds ("GSP") to RMB8,398.7 million with the joint efforts of the employees. Operating profit from retail operations decreased by 12.2% year on year to RMB611.3 million while net profit for the period increased by 21.2% year on year to RMB584.6 million. Same-store sales growth ("SSSG") slightly decreased by 1.6% year on year.

## Management Discussion and Analysis

In the first half of 2015, the Group continued to optimize its merchandise mix, actively develop its "star" business with enormous potentials, solidify its investment and cooperation with controllable merchandise and established an industry leading online supplier recruitment platform that enables the Group to access to distinctive merchandise resources effectively, improves supplier recruitment efficiency and further enhances the competitiveness of the Group's lifestyle centers.

- The Group continued to optimize its merchandise mix, with a focus on product categories with high sales growth potential such as outdoor and sportswear, children's products and cosmetics. In the first half of 2015, GSP generated by the outdoor and sportswear product category increased by 28.0% year on year to RMB471 million, whilst GSP generated by children's products category increased by 19.4% year on year to RMB258 million. For example, leveraging on the growing demands for children's products, through various PR activities such as meetings with brand spokespersons and the introduction of children's fun interactive experience area, the sales performance of Nanjing Xinjiekou Lifestyle Center children's products category was effectively improved and VIP customers' "family shopping experiences" were effectively enhanced.
- The Group actively expanded its premium supermarket business, the self-owned supermarket brand G-MART, which offers overseas premium goods, organic food, fresh fruits and vegetables, distinctive light meals, health tonic and other products. The Group strives to build this as a star business which can attract customers and realize high sales and profitability growth. By organizing various interesting events like Spanish gourmet ham classroom, French flower arrangement, US food festival, Korean products fair and Chinese local food festivals, as well as numerous promotional initiatives with other retail and lifestyle elements within the store, G-MART not only has provided customers with high quality living experience, but also effectively attracted large number of customers and improved its operation results. In the first half of the year, GSP generated by G-MART increased by 19.4% year on year to RMB418 million.
- The Group continued to strengthen its close cooperation with high quality brand suppliers through various arrangements such as buyout, distributorship, investment and equity participation. In the first half of 2015, the Group added 17 new brands into its controllable merchandise brand portfolio, bringing the total to 64, self-operated counters under these brands increased by 78 to 478 compared with the end of 2014. The brand portfolio offers distinctive fashion name brands from domestic to international, including brands from Germany, Australia, France and South Korea, as well as creative international household brands. Numerous selection of controllable merchandise not only provided customers with comprehensive and unique fine goods, but also helped the Group to further enhance its profitability. In the first half of the year, GSP generated from these controllable merchandise increased by 23.0% year on year to RMB147 million.
- Based on its existing matured supplier recruitment system, on 15 May 2015, the Group has officially launched an industry leading online supplier recruitment platform which provides the Group's real-time supplier recruitment information and status to the public. This platform broadened the Group's channels for supplier recruitment which enables the Group to get access to distinctive and unique brands effectively, especially those new brands in the growth stage. The move has met the Group's needs for recruiting suppliers for various functions and amenities to be offered in the lifestyle center, enhanced the efficiency of the Group's supplier recruitment process and ensured a fair, justified and open process, thus improving the transparency on the co-operations with suppliers. As at the date of this report, the online platform has attracted more than 5,000 registered suppliers, released nearly 2,000 pieces of counter recruitment information with over 400 counters been signed up with suppliers under this arrangement.

## Management Discussion and Analysis

The Group actively expanded its VIP customer base, enhanced the service quality offer, enriched the value-added services for VIP customers and continued to improve its O2O (Online to Offline) business model that suits its own development characteristics, thus provided customers with a full range of caring shopping experience.

- Through promotion of, and member recruitment for, "Electronic VIP Card", the Group actively expanded a customer base of younger generation, which added impetus to the growth in the Group's results. As at 30 June 2015, the VIP customers of Nanjing Xinjiekou Store increased by 13.9% to approximately 350,000 and the VIP customers of the Group has reached 1.91 million. VIP customers' consumption accounted for 55.6% of the Group's total GSP.
- During the year, the Group continued to implement its Omni-Channel marketing through various channels such as mobile phone application "goodee mobile App" (掌上金鷹), the WeChat social network platform and the "Electronic VIP Card". With the development of an economical and effective marketing channel, the customers were provided with prompt news about promotional activities, enhanced customers' shopping experience and various VIP value-added services. The "goodee mobile App" now provides lifestyle services like product promotions, overseas purchase, store shopping guide, movie ticket booking, reward points redemption, e-gift cards and smart-search for parked cars. As at 30 June 2015, the "goodee mobile App" application has registered over 3.2 million downloads, representing an increase of 60% compared with those at the end of 2014 and had 970,000 VIP customers connected their VIP cards with the App. The "goodee mobile App" application is the most active mobile application in Chinese department store industry.

The Group accurately captured the development trend of China's retail industry, bringing its VIP customers access to high-quality e-commerce and overseas purchase services in order to further enhance its competitive strength and inject new impetus to sales and profit growth. On 20 May 2015, "金鷹購 Jinying.com" was officially launched. At present, it offers over 5,000 SKUs (stock keeping unit) online through cooperation with over 100 high-quality suppliers, providing integrated services with unique characteristics such as reward points redemption, overseas purchase, discount bazaar and organic farm products. The platform focused on those popular distinctive items such as baby products, nutrition and health, beauty skin care cosmetics and imported foodstuffs from Australia, New Zealand, Japan, Korea, Europe and the USA. Business was conducted in a flexible and effective manner by direct overseas mails and bonded delivery. Even more exciting is that, through cooperation with Nanjing Comprehensive Bonded Zone, the Group launched "Overseas Purchase O2O Experience Store" at Nanjing Xinjiekou Store and Jiangning Store on 18 August 2015. This move enables the Group to bring in interesting and enriched overseas merchandise to VIP customers at its physical stores and enables the Group to provide convenient after-sales services to its customers.

## Management Discussion and Analysis

### Corporate Development and Opening of New Stores

The Group has accurately analyzed the competitive landscape of China's mid-to-high-end retail sector. By capitalizing on various resources such as merchandise, marketing channels and customer services built up over the past years, the Group has fully implemented the "comprehensive lifestyle concept" since 2014. In 2015, the Group opened three new comprehensive lifestyle centers, increasing the total number of its lifestyle centers to eight. These newly opened stores boosted the total gross floor area ("GFA") of chain stores by approximately 316,200 square meters.

On 1 January 2015, the Group's Danyang Lifestyle Center commenced trial operation. The store is located at the core business area of Danyang downtown with a GFA of approximately 53,000 square meters. The store has adopted a fashionable street layout catering for the needs of daily life. Danyang Lifestyle Center has introduced the premium supermarket G-Mart, special cuisines, a family entertainment park and other lifestyle business functions, which enhanced the shopping experience of the local customers. With mutual supports from Danyang Golden Eagle Tiandi Plaza, the first one-stop commercial complex with GFA of 360,000 square meters in Danyang, foot traffic at the lifestyle centre reached 180,000 during its first three days of operation.

On 31 January 2015, the Group's Kunshan Lifestyle Center commenced trial operation. The store is located at the core business area of Kunshan downtown with a GFA of approximately 118,500 square meters, and has brought fashion shopping, catering, family entertainment, leisure and artistic activities under one roof, offering customers the opportunity to experience fashionable and innovative lifestyle shopping. With mutual supports from Kunshan Golden Eagle Tiandi Plaza, a commercial complex with GFA of over 1 million square meters, GSP of the lifestyle center reached over RMB11.5 million during its first four days of operation.

On 3 July 2015, the Group's Nanjing Jiangning Lifestyle Center commenced trial operation. The store is located above the underground railway station and at the core business area of Nanjing Jiangning downtown with a GFA of approximately 144,700 square meters. Positioned as a place for leisure family gatherings, the lifestyle centre is equipped with a "shopping park", integrated family entertainment park, a premium supermarket G-Mart, specialty food and drink stores. With mutual supports from a large commercial complex spanning across 250,000 square meters equipped with a luxurious hotel and high-grade apartments, the lifestyle centre became a families' preferred place for shopping and leisure in Jiangning area, and the new shopping experience it brings forth to local customers attracted a lot of foot traffic. GSP of the lifestyle centre reached over RMB12.7 million during its first three days of operation.

On 10 May 2015, due to property rights disputes among the landlord and the property owners of certain part of the property and the underground railway construction works, the landlord was unable to deliver the properties, where the Group's Hefei Baihuajing Store and Hefei Dadongmen Store are located, in the agreed terms of conditions which resulted in these two stores being unable to carry out normal business operation and maintain its consistent standards of customer services. Upon prudent and careful consideration, the Group decided to suspend the operation of Baihuajing Store and Dadongmen Store. The suspension of the operation of these two stores has limited impact on the Group's overall operation and sales as Baihuajing Store and Dadongmen Store had a total GFA of approximately 22,650 square meters only.

## Management Discussion and Analysis

Due to the limited operating area of Kunming Nanya Store, which is inadequate for the Group's development strategies of transformation into a comprehensive lifestyle center and the focus to develop in self-owned properties, on 30 June 2015, upon prudent and careful consideration, the Group decided to close the store with effect from 31 August 2015 after a friendly negotiation and agreement with the landlord. Kunming Nanya Store had GFA of approximately 36,870 square meters and its closure has limited impact on the Group's overall operation and sales. The Group's large scale Kunming lifestyle center will continue to serve the Group's VIP customers with its abundant comprehensive lifestyle facilities and amenities, giving them comfortable and pleasant shopping experience.

Based on the sites secured by the Group for its new store expansion, the Group will increase the aggregate GFA of its chain stores by approximately 1.3 million square meters in the next three years according to its plan. The vast majority of the stores will be in the form of lifestyle center and will be customized according to the location and shopping habits of the local customers so as to establish a distinctive format and increase the Group's competitiveness. The Group will continue to focus on high-quality premises that are suitable for the comprehensive lifestyle concept, so that the Group's operations can remain stable, cost-effective and sizeable for the long term and house a rich variety of lifestyle elements. Furthermore, the Group will continue to actively seek opportunities for investment, co-operation, mergers and acquisitions that can match the Group's development and investment strategies and objectives, hence laying the solid foundations for its business expansion.

### Outlook

Since 2015, the global economy demonstrated signs of fragile recovery as a whole. Major economies of the world are gradually recovering after hitting the bottom, but the subsequent growth remain uncertain. The emerging market is facing an economic slowdown and capital outflows. Against this backdrop, the Chinese government has set a long-term goal of maintaining stable and healthy economic development, and has adopted a series of measures to promote steady growth and forge ahead with reforms and economic restructuring so as to benefit people's livelihood and minimize risks, policies such as to encourage people to do business creatively and drive innovation ("大眾創業、萬眾創新") were introduced. These policies will ensure the momentum of new growth drivers, generate more jobs, increase residents' income, and accelerate the economic reform and development. In the second half of the year, the Chinese government is expected to continue its policies on steady development, reform and innovation. The relatively low price level and further reduction in required reserve ratio and interest rates will effectively boost the confidence of the consumer market. In August, the People's Bank of China announced the adjustment to the mechanism of the Renminbi's exchange rate against the US dollar. This will benefit export trade, which will in turn contribute to the stable economic growth of China for the long term. In the long run, the government's policy on information technology, notably the "Internet+", will be combined with the country's ongoing urbanization. This trend will lead to rapid expansion of the middle class and favour the Group's long-term development in the second- and third-tier cities.

## Management Discussion and Analysis

The management remains cautiously optimistic about China's economic development and growth in domestic consumption in the future. In the second half of the year, the Group will proactively explore effective ways to operate its business and introduce unique and innovative functions and amenities into its floor area. It will also endeavor to enhance the sales performance and profitability of its well-established stores so as to reinforce its leading position in the industry and accelerate business growth. These measures include: (i) further enhancing and optimizing the mix of merchandise and brands at its stores, prioritizing the development and sales of product categories with high growth potential and high gross margin, and enhancing its comprehensive lifestyle centers for shopping, leisure and family gatherings; (ii) further increasing the controllable merchandise resources, continuing to develop and promote high value-for-money merchandise that are the brands the Group has deep exclusive cooperation relationships with and the Group's proprietary brands, fully tapping the potential of online supplier recruitment platform, strengthening its competitiveness and laying the solid foundations for the Group's e-commerce development; (iii) continuing to optimize the O2O (Online to Offline) business model that suits its own development characteristics, developing "金鷹購 Jinying.com" and launching the "Overseas Purchase O2O Experience Store" at the respective chain stores, providing more abundant and distinctive value-for-money products for customers through overseas purchase, providing convenient after-sales customer services, implementing Omni-Channel marketing and electronicalized business model (商務電子化) and developing businesses and services that meet the demand of VIP customers, with the aim of accelerating growth and improving results; (iv) grooming the members of senior management for future business expansion.

Meanwhile, the Group will also develop its new chain stores in a steady manner. We will ensure that each new store will be managed by a pragmatic and efficient management team and will offer a collection of brands of unique and distinctive merchandise. This will help the Group to shorten the nurturing period of its new stores. In the next three years, the Group will continue to reinforce its leading position in the industry and consolidate its presence in the regions of Jiangsu, Shaanxi, Anhui and Yunnan by prudently operating comprehensive lifestyle centers at self-owned properties or through mergers and acquisitions. Such move will strengthen the Group's competitive strength for long-term business growth. The Group will also proactively identify opportunities for cooperation and collaboration with leading enterprises in the related industries, and actively develop new business model with good prospects.

The management believes that, with its strong brand equity, excellent execution capability, sound financial position and loyal VIP customer base, the Group will be able to bring better returns to its shareholders.

## FINANCIAL REVIEW

### GSP and revenue

During the period under review, the Group continued to face a challenging and volatile economic situation and the increasing competition from the emerging retail industry. Despite all these, GSP of the Group grew to RMB8,398.7 million, representing a year-on-year growth of 2.6% or RMB215.0 million. The growth was mainly contributed by the net effects of (i) a slight decrease in SSSG by 1.6%; (ii) the inclusion of full period sales proceeds of those stores or additional retail spaces which commenced operation in the year 2014; and (iii) the sales proceeds of those new stores which commenced operation in the year 2015.

## Management Discussion and Analysis

Nanjing Xinjiekou Store (the flagship store of the Group) started to gain its growth momentum from last year's one-off major upgrade and expansion works and recorded a SSSG of 6.3% while younger stores such as Yangzhou Jinghua Store and Suqian Store have achieved remarkable SSSG of 18.2% and 28.3%, respectively. At the same time, the 4 new lifestyle centers opened since September 2014, namely Yancheng Julonghu Store, Nantong Lifestyle Center, Danyang Store and Kunshan Store, generated RMB552.8 million GSP which contributed 6.6% of the Group's GSP.

During the six months ended 30 June 2015, concessionaire sales contributed 86.5% (2014: 87.4% (restated)) of the Group's GSP, representing an increase of 1.6% from RMB7,150.5 million to RMB7,266.6 million, and direct sales contributed 12.0% (2014: 11.7% (restated)) of the Group's GSP, representing an increase of 5.5% from RMB953.4 million to RMB1,005.7 million. Rental income and automobile services fees contributed the remaining 1.5% (2014: 0.9% (restated)) of the Group's GSP, representing an increase of 58.3% from RMB79.9 million to RMB126.4 million.

Commission rate from concessionaire sales decreased to 17.1% (2014: 18.0%) while the gross profit margin from direct sales increased to 16.9% (2014: 13.4% (restated)), resulting the decrease in the overall gross profit margin from concessionaire sales and direct sales to 17.1% (2014: 17.4% (restated)). The decrease was mainly due to the net effects of (i) the increase in sales contribution from younger stores which carry lower commission rates as compared to mature stores like Nanjing Xinjiekou Store; (ii) the inclusion of automobile sales which carry low gross profit margin of 1.6% (2014: 2.8%); and (iii) the increase in sales of controllable merchandise and direct buy supermarket items which provided a better margin to the Group and lead to a 2.6 percentage points increase in direct merchandise sales margin from 17.9% to 20.5%.

In terms of GSP breakdown by merchandise categories, apparel and accessories contributed 49.4% (2014: 49.5% (restated)) of the GSP, gold, jewellery and timepieces contributed 18.4% (2014: 20.8% (restated)), cosmetics contributed 8.8% (2014: 8.6% (restated)) and the remaining categories including outdoors and sportswear, electronics and appliances, tobacco and wine, household and handicrafts, children's wear and toys and automobile sales contributed the remaining 23.4% (2014: 21.1% (restated)).

The Group's total revenue increased to RMB2,038.8 million, representing an increase of 2.6% from the same period last year. The increase in revenue was generally in line with the increase in GSP.

### Other income, gains and losses

Other income, gains and losses mainly comprised (i) various miscellaneous income from suppliers and customers; (ii) net foreign exchange gains and losses resulting from the translation of foreign currencies denominated assets and liabilities into RMB; and (iii) the gains and losses and dividend income arising from the Group's securities investments.

Other income, gains and losses increased by RMB256.8 million or 290.5% to RMB345.2 million for the six months ended 30 June 2015. Such increase was primarily due to (i) the increase in income from suppliers and customers by RMB34.9 million, which is generally in line with the increase in GSP; (ii) the increase in gains on disposal of the Group's securities investments by RMB170.1 million. As at 30 June 2015, the Group's securities investments in aggregate amounted to RMB408.4 million; and (iii) foreign exchange difference of RMB56.1 million from a net foreign exchange loss of RMB44.3 million to a net foreign exchange gain of RMB11.8 million as a result of the fluctuations in RMB exchange rates during the period under review.

## Management Discussion and Analysis

### Changes in inventories of merchandise

Changes in inventories of merchandise represented the cost of goods sold under the direct sales business model. Changes in inventories of merchandise increased by RMB8.4 million or 1.2% to RMB714.4 million for the six months ended 30 June 2015. The increase was generally in line with the increase in direct sales.

### Employee benefits expense

Employee benefits expense increased by RMB43.4 million or 22.7% to RMB234.4 million for the six months ended 30 June 2015. The increase was primarily contributed by (i) the inclusion of full period employee benefits expense of those stores or additional retail spaces which commenced operation in the year of 2014; (ii) the inclusion of employee benefits expense of those new stores which commenced operation during the period under review and the 2 new lifestyle centers to be opened in the second half of 2015, namely Jiangning Store and Ma'anshan Store; (iii) the increase in salaries for all level of staff while streamlining staff members' roles and functions; and (iv) the continuous investment in human resources for the implementation of the Group's "comprehensive lifestyle concept".

Employee benefits expense as a percentage to GSP increased by 0.6 percentage point to 3.3% as compared to 2.7% (restated) in the same period last year.

### Depreciation and amortisation

Depreciation and amortisation of property, plant and equipment and investment property and release of prepaid lease payments on land use rights increased by RMB58.1 million or 51.3% to RMB171.4 million for the six months ended 30 June 2015. The increase was primarily due to (i) the inclusion of full period depreciation and amortization of those stores or additional retail spaces which commenced operation in the year 2014; (ii) the depreciation and amortization of those new stores which commenced operation in the year 2015.

Depreciation and amortisation expenses as a percentage to GSP increased by 0.8 percentage point to 2.4% as compared to 1.6% (restated) in the same period last year.

### Rental expenses

Rental expenses increased by RMB6.3 million or 6.9% to RMB97.6 million for the six months ended 30 June 2015. This was mainly contributed by the net effect of (i) the inclusion of full period rental expenses of those stores or additional retail spaces operating in leased properties which commenced operation in the year 2014, namely a portion of the operating area of Nanjing Xinjiekou Block B and Yancheng Julonghu Store; (ii) the rental expenses of Danyang Store which commenced operation in January 2015; (iii) the decrease in rental expenses by RMB7.6 million for those stores which were suspended operation during the comparable periods, including Xi'an Xiaozhai Store in 2014 and Hefei Dadongmen Store and Hefei Baihuajing Store in 2015, and the reduction in operating area of Hefei Suzhou Road Store in 2014; and (iv) the reduction of rental rates for certain leased properties during the period under review.

Rental expenses as a percentage to GSP increased by 0.1 percentage point to 1.4% as compared to 1.3% (restated) in the same period last year.

## Management Discussion and Analysis

### Other expenses

Other expenses increased by RMB55.9 million or 17.7% to RMB371.6 million for the six months ended 30 June 2015. Other expenses mainly include water and electricity expenses, advertising and promotion expenses, repair and maintenance and property management fees. The increase was primarily contributed by (i) the inclusion of full period other expenses of those stores or additional retail spaces which commenced operation in the year 2014; and (ii) the other expenses of those new stores which commenced operation in the year 2015.

Other expenses as a percentage to GSP increased by 0.7 percentage point to 5.2% as compared to 4.5% (restated) for the same period last year.

Had those 4 new stores been excluded from the calculation, on a comparable basis, other expenses would have been decreased by RMB8.3 million or 2.6%. Other expenses as a percentage to GSP remained stable at 4.5%.

### Share of profits of associates

Share of profits of associates mainly represented the Group's share of results of its 38.4% owned associate, Allied Industrial Corp., Ltd. (中美聯合實業股份有限公司).

### Finance income

Finance income comprised income generated from bank deposits and various short-term bank related deposits, including investments in interest bearing instruments and structured bank deposits, placed by the Group in banks when the Group has surplus capital. Finance income decreased by RMB14.3 million or 10.9% to RMB117.3 million for the six months ended 30 June 2015 which was primarily due to more capital had been invested in the acquisition and construction of the Group's department chain store expansion and/or upgrade during the period under review.

### Finance costs

Finance costs comprised interest expenses on the Group's bank loans and senior notes. Finance costs increased by RMB19.4 million or 21.8% to RMB108.3 million for the six months ended 30 June 2015. The increase was primarily due to the increase in bank borrowings during the period under review.

### Income tax expense

Income tax expense of the Group increased by RMB10.8 million or 5.0% to RMB225.1 million. Effective tax rate for the period under review was 27.8% (2014: 30.7% (restated)). The decrease in effective tax rate by 2.9 percentage points was mainly due to the increase in offshore non-taxable income, namely net foreign exchange gains.

## Management Discussion and Analysis

### Profit for the period

Owing to the decrease in profit from retail operations and increase in other investment income, profit for the period increased by RMB102.1 million or 21.1% to RMB584.6 million. Net profit margin to GSP was 8.1% (2014: 6.9% (restated)) for the six months ended 30 June 2015.

Profit from retail operations decreased by RMB85.1 million to RMB611.3 million. The decrease was mainly due to (i) the increase in RMB49.6 million operating losses incurred by the 4 new lifestyle centers opened since September 2014; (ii) the initial start up costs of RMB11.2 million for the 2 new lifestyle centers to be opened in the second half of 2015; (iii) additional operating losses of RMB2.6 million incurred by the 7 loss making stores and the 3 stores which were suspended operation in 2014 and 2015; and (iv) the Group's investments in various lifestyle functions, omni channel developments and controllable merchandise initiatives.

As at 30 June 2015, the aggregate net operating losses generated by 11 (2014: 9) loss making stores amounted to RMB71.5 million (2014: RMB42.6 million).

### Capital expenditure

Capital expenditure of the Group for the six months ended 30 June 2015 amounted to RMB905.1 million (2014: RMB574.8 million (restated)). The amount mainly comprised of contractual payments made for acquisition of property, plant and equipment and land use rights, construction of greenfield projects for department chain store expansion and the upgrade and/or expansion of the Group's existing retail spaces in order to further enhance the shopping environment and the Group's competitiveness in its local markets.

## Other Information

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

As at 30 June 2015, 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 Companies (the "Model Code") in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

#### Long position in shares of HKD0.10 each of the Company ("Shares") or underlying shares

Name of Director/ chief executive	Personal Interest	Corporate Interest	Total Interest	Total interests as percentage of the issued share capital
Mr. Wang Hung, Roger	4,000,000	1,246,591,412 <sup>(Note)</sup>	1,250,591,412	71.62%
Mr. Su Kai	1,165,000	—	1,165,000	0.07%

Note: These 1,246,591,412 Shares were held by Golden Eagle International Retail Group Limited, a wholly-owned subsidiary of GEICO Holdings Limited which is in turn wholly-owned by The 2004 RVJD Family Trust, the family trust of Mr. Wang. Mr. Wang is deemed to be interested in 50,000 shares of GEICO Holdings Limited, 1 share of Golden Eagle International Retail Group Limited and the 1,246,591,412 Shares under the SFO.

Save as disclosed above, as at 30 June 2015, 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 OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARE CAPITAL OF THE COMPANY

As at 30 June 2015, 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 positions in the shares and underlying shares of the Company:

#### Long position in Shares

Name	Nature of Interest	Number of Shares held	Percentage of shareholding
GEICO Holdings Limited <sup>(Note)</sup>	Interest in controlled corporation	1,246,591,412	71.39%
Golden Eagle International Retail Group Limited <sup>(Note)</sup>	Beneficial owner	1,246,591,412	71.39%
ICFI HK (U.S.A.) Investments, LLC	Beneficial owner	87,514,888	5.01%

Note: These Shares were held by Golden Eagle International Retail Group Limited, a wholly-owned subsidiary of GEICO Holdings Limited which is in turn wholly-owned by The 2004 RVJD Family Trust, the family trust of Mr. Wang.

Save as disclosed above, as at 30 June 2015, the Company had not been notified of any other relevant interests or short positions in the issued share capital 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.

### SHARE OPTION SCHEME

Pursuant to the Company's share option scheme approved by written resolutions of the sole shareholder of the Company on 26 February 2006 (the "Scheme"), the Board may grant options to any full-time or part-time employees, executives and officers of the Company and any of its subsidiaries (including executive directors, non-executive directors and independent non-executive directors of the Company and any of its subsidiaries) and business consultants, agents and legal and financial advisors of the Company or its subsidiaries which, in the opinion of the Board, have contributed to the Group, to subscribe for Shares for a consideration of HKD1.0 for each lot of share options granted for the primary purpose of providing incentives to directors and eligible employees, consultants and advisors. The Scheme will remain effective for a period of ten years commencing from 26 February 2006.

During the six months ended 30 June 2015, 218,000 share options were exercised and 1,048,000 share options were forfeited. There were a total of 17,593,000 Shares available for issue pursuant to options that were granted under the Scheme, representing approximately 1.0% of the entire issued share capital of the Company as at the date of this report.

## Other Information

Movements of the Company's share options during the period and outstanding as at 30 June 2015 were as follows:

	Number of share options					Date of Grant	Exercise period (Note 1)	Exercise price HKD	Price of the Company's Shares on the date immediately before the exercise date	Price of the Company's Share immediately before the grant date	Price of the Company's Shares on the date immediately before the exercise date (Note 2)
	Outstanding at 1 January 2015	Reclassification	Exercised during the period	Forfeited during the period	Outstanding at 30 June 2015				HKD	HKD	HKD
Key management	730,000	(20,000)	(115,000)	—	595,000	5 December 2008	5 December 2010 to 4 December 2018	4.20	4.19	10.20	
	2,400,000	(500,000)	—	(300,000)	1,600,000	20 October 2010	20 October 2011 to 19 October 2020	19.95	20.00	N/A	
Other employees	12,729,000	20,000	(103,000)	(148,000)	12,498,000	5 December 2008	5 December 2010 to 4 December 2018	4.20	4.19	10.49	
	3,000,000	500,000	—	(600,000)	2,900,000	20 October 2010	20 October 2011 to 19 October 2020	19.95	20.00	N/A	
	<u>18,859,000</u>	<u>—</u>	<u>(218,000)</u>	<u>(1,048,000)</u>	<u>17,593,000</u>						
Exercisable at 30 June 2015					<u>9,759,000</u>						

Notes:

- (1) The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- (2) The prices of the Company's shares on the dates immediately before the exercise dates are the weighted average of the closing prices as quoted on the Stock Exchange immediately before the dates on which the share options were exercised.

## ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save for the Scheme as disclosed above, at no time during the period under review was the Company, its 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.

## Other Information

### STATUS OF CONNECTED TRANSACTIONS PENDING COMPLETION

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

#### ***Xinjiekou Block B Framework Agreement***

On 9 November 2009, 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 (as defined in the Listing Rules) of the Company, and the Group entered into a framework agreement, pursuant to which Golden Eagle International Group agreed to develop and sell, and the Group agreed to acquire, the whole of 1st to 6th floors and portion of second level of basement of Golden Eagle Phase III (the "Xinjiekou Store Block B Property"), a 42-storey building with 5 levels of basement to be located adjacent to Nanjing Xinjiekou Store and to be developed by Golden Eagle International Group.

The consideration of RMB875.0 million (subject to adjustment) for the acquisition of Xinjiekou Store Block B Property was calculated based on RMB17,500 per square meter and the estimated aggregate gross floor area of approximately 50,000 square meters and may be adjusted depending on the actual gross floor area of Xinjiekou Store Block B Property actually to be delivered to the Group upon completion. In the event that the actual gross floor area is less than 50,000 square meters, 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 Xinjiekou Store Block B Property to the Group.

The purpose of the acquisition of Xinjiekou Store Block B Property with an estimated aggregate gross floor area of 50,000 square meters 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 Xinjiekou Store Block B Property was completed and commenced soft opening in April 2014. It is expected that the gross floor area to be delivered to the Group will be approximately 51,856 square meters and the outstanding consideration will be adjusted upward by approximately RMB32.5 million, resulting an adjusted total consideration of RMB907.5 million. It is anticipated that the title of Xinjiekou Store Block B Property will transfer to the Group upon the completion of the entire complex in 2016.

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 昆山金鷹置業有限公司 (Kunshan Golden Eagle Properties Co., Ltd.\*) ("Kunshan Golden Eagle Properties"), a fellow subsidiary of the Company ultimately wholly-owned by Mr. Wang and a connected person (as defined in the Listing Rules) of the Company, for the acquisition of a property which is situated at Kunshan City, Jiangsu Province. Completion of the acquisition is expected to take place in 2015.

The property comprises the whole of 1st to 8th floors and basements B1 and B2 of Kunshan Tiandi Project with an aggregate gross floor area of approximately 118,500 square meters (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 city with an estimated aggregate gross floor area of approximately 400,000 square meters and to be developed by Kunshan Golden Eagle Properties.

The consideration of RMB1,125.8 million (subject to adjustment) for the acquisition of Kunshan Property was calculated based on RMB9,500 per square meter and the estimated aggregate gross floor area of approximately 118,500 square meters and may be adjusted depending on the gross floor area 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 commenced soft opening in January 2015. It is anticipated that the title of Kunshan Property will transfer to the Group upon the completion of the entire complex in 2015.

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

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

## **DISCLOSURE UNDER RULES 13.18 AND 13.21 OF THE LISTING RULES**

On 18 April 2012, the Group entered into a dual-currency three-year term loan facility agreement (the "2012 Syndicated Loan Agreement") in the principal amounts of up to USD259.5 million and HKD665.0 million with a group of financial institutions which was due for full repayment in April 2015. The loan was fully re-financed by another dual-currency three-year term loan facility with accessions (the "2015 Syndicated Loan Agreement") up to USD625.5 million and HKD1,052.0 million from another group of financial institutions which will be due for full repayment in April 2018 (the "2015 Syndicated Loan Facility").

\* For identification purpose only

## Other Information

Pursuant to the terms of the 2012 Syndicated Loan Agreement and the 2015 Syndicated Loan Agreement, it will constitute, among others, an event of default if at any time when 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 2012 Syndicated Loan Facility Agreement and the 2015 Syndicated Loan Agreement may become immediately due and payable. As at 30 June 2015, approximately RMB3,593.2 million of the 2015 Syndicated Loan Facility has been drawn and utilized.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2015, the Group's cash and near cash (including bank balances and cash, restricted cash, structured bank deposits and investments in interest bearing instruments) amounted to RMB4,325.4 million (31 December 2014: RMB5,429.6 million (restated)) whereas the Group's total borrowings (including bank borrowings and senior notes) amounted to RMB6,656.3 million (31 December 2014: RMB5,546.0 million (restated)). For the six months ended 30 June 2015, the Group's net cash used in operating activities amounted to RMB100.4 million (2014: RMB327.0 million (restated)), the Group's net cash used in investing activities amounted to RMB542.4 million (2014: generated from investing activities amounted to RMB828.9 million (restated)) and the Group's net cash generated from financing activities amounted to RMB317.5 million (2014: used in financing activities amounted to RMB178.0 million (restated)).

As at 30 June 2015, the Group's bank borrowings amounted to RMB4,237.0 million (31 December 2014: RMB3,126.4 million (restated)) which comprised of short-term bank loans of RMB643.8 million (31 December 2014: RMB1,013.8 million (restated)) and a 3-year dual-currency syndicated loan of RMB3,593.2 million (31 December 2014: RMB2,112.6 million). The senior notes amounted to RMB2,419.3 million (31 December 2014: 2,419.6 million) as at 30 June 2015.

Total assets of the Group as at 30 June 2015 amounted to RMB16,811.0 million (31 December 2014: RMB16,620.0 million (restated)) whereas total liabilities of the Group amounted to RMB11,401.4 million (31 December 2014: RMB11,175.1 million (restated)), resulting in a net assets position of RMB5,409.6 million (31 December 2014: RMB5,444.9 million (restated)). The gearing ratio, calculated by dividing total borrowings over total assets of the Group, increased to 39.6% as at 30 June 2015 (31 December 2014: 33.4% (restated)).

## Other Information

The capital commitments of the Group as at 30 June 2015 amounted to RMB1,452.8 million (31 December 2014: RMB1,912.6 million), which were contracted for but not provided in the condensed consolidated financial statements of the Group for the contractual payments for the acquisition of property, plant and equipment and land use rights and the acquisitions of joint ventures, an associate and a subsidiary. As at 31 December 2014, the Group also had capital commitments in respect of acquisition of subsidiaries contracted for but not yet approved by the extraordinary general meeting in the aggregate amount of RMB25.0 million (30 June 2015: nil).

## CONTINGENT LIABILITIES

As at 30 June 2015, the Group had no material contingent liabilities.

## FOREIGN EXCHANGE EXPOSURE

Certain amount of bank balances and cash, available-for-sale investments, bank loans and senior notes of the Group are denominated in HKD or USD which exposed the Group to foreign exchange risks associated with the fluctuations in exchange rates between HKD/USD and RMB. During the period under review, the Group recorded a net foreign exchange gain of RMB11.8 million (2014: a net foreign exchange loss of RMB44.3 million (restated)). The Group's operating cash flows are not subject to any exchange fluctuation.

## EMPLOYEES

As at 30 June 2015, the Group employed a total of 6,050 employees (31 December 2014: 6,000). During the period under review, the aggregate amount of remuneration paid by the Group to its employees was RMB234.4 million (2014: RMB191.0 million (restated)). The Group's remuneration policies are formulated with reference to market practices, experiences, skills and performance of individual employee and will be reviewed every year.

## DIVIDENDS

Subsequent to the end of the interim period, the Directors have resolved that an interim dividend of RMB0.110 (six months ended 30 June 2014: RMB0.088) per share will be paid on or before Thursday, 24 September 2015 to those shareholders of the Company whose names appear in the Register of Members of the Company at the close of business on Wednesday, 16 September 2015.

In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712 — 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 16 September 2015, which is also the record date for the distribution of dividend.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the six months ended 30 June 2015, the Company repurchased an aggregate of 40,023,000 shares of its own issued ordinary shares through the Stock Exchange at an aggregate consideration of HKD442.8 million (equivalent to RMB349.4 million).

## Other Information

Subsequent to the period end date, the Company repurchased an aggregate of 24,171,000 shares of its own issued ordinary shares through the Stock Exchange at an aggregate consideration of HKD243.5 million (equivalent to RMB192.1 million).

The repurchases were effected by the Directors for the enhancement of shareholders' value. All the repurchased shares were cancelled upon repurchase. Of the balance, 30,911,000 shares were cancelled during the period under review and the remaining shares were cancelled in August 2014. Save for the aforesaid, 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 for the six months ended 30 June 2015.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Director's securities transactions. Specific enquiry has been made to all Directors, and the Directors have confirmed that they have complied with all relevant requirements as set out in the Model Code during the six months ended 30 June 2015.

## AUDIT COMMITTEE

The principal functions of the Audit Committee, established in compliance with the Listing Rules and the Corporate Governance Code, are to review and supervise the financial reporting processes and internal control procedures of the Group. 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. Wang Sung Yun, Eddie.

## ACKNOWLEDGEMENT

I would like to express my sincere gratitude for the devoted hard work of the Board, our management team and all our staff members, as well as the continuous supports from our shareholders, business partners and loyal customers.

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

Hong Kong, 24 August 2015