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

Incorporated in the Cayman Islands with limited liability
Stock Code: 3308

Annual Report 2015 年報

Enriching everyone's life
一站式滿足生活所需

Spirit of Enterprise

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

Contents

Corporate Profile

BUILDING NATIONWIDE CHAIN NETWORK WITH YANGTZE RIVER DELTA AS CORE

Since the opening of our first chain store, Nanjing Xinjiekou Store, over 20 years ago, the Group has successfully opened 29 self-owned stores with a total gross floor area of 1,766,394 square meters and a total operating area of 1,214,962 square meters as at 31 December 2015. These stores span four provinces and one municipality, namely Jiangsu, Anhui, Shaanxi, Yunnan and Shanghai, covering 18 cities including Shanghai, Nanjing, Nantong, Yangzhou, Changzhou, Xuzhou, Taizhou, Huai'an, Yancheng, Suqian, Liyang, Danyang, Kunshan, Wuhu, Ma'anshan, 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 31 December 2015, approximately 61.9% 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 to be calculated on the basis of certain percentage of the relevant store's sales proceeds.

PROMOTING COMPREHENSIVE LIFESTYLE CENTERS

Capitalizing on the development trends of the retailing industry targeting at 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, preschool education and comprehensive automobile services 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 31 December 2015, the Group opened 10 comprehensive lifestyle centers with a total gross floor area of 1,035,474 square meters. The operating area of these comprehensive lifestyle centers accounted for 32.7% of the total operating area of the Group's stores.

Corporate Profile

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.

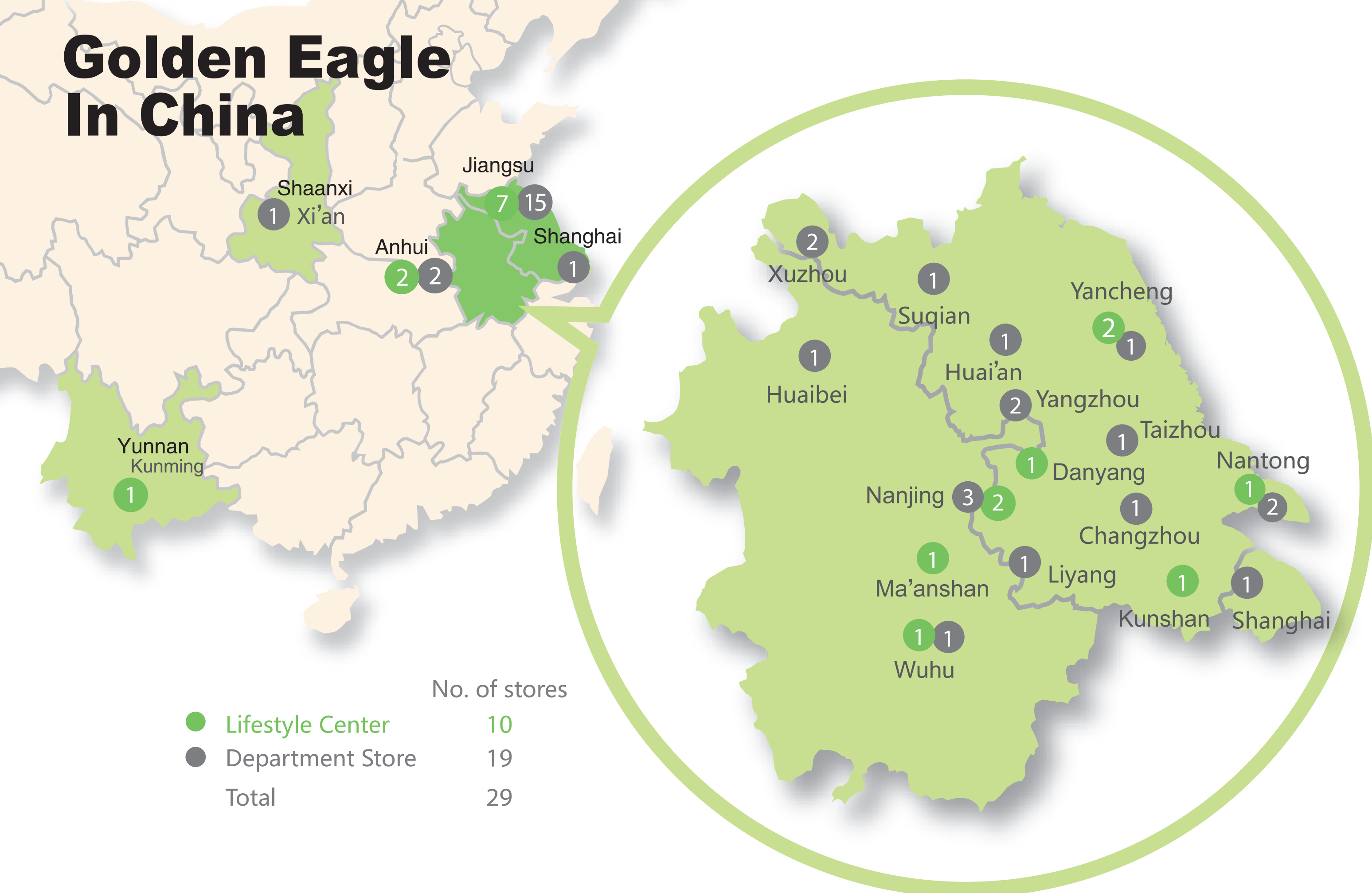
DEDICATED TO PROVIDING TARGET CUSTOMERS WITH HIGH QUALITY AND INNOVATIVE VALUE-ADDED VIP SERVICES AND COMPREHENSIVE ONLINE AND OFFLINE SHOPPING EXPERIENCE

The Group endeavors to enhance the quality and enrich the content of its 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, high-end second-hand car sales and comprehensive automobile services, an iPoints reward points redemption platform and "金鷹購 Jinying.com". The Group also fully utilizes omni-channel marketing through the mobile phone application "goodee mobile App" (掌上金鷹), 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 31 December 2015, the "goodee mobile App" has registered over 4.80 million downloads, representing an increase of 140% as compared with those at the end of 2014, and had 1.21 million 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 2.48 million loyal VIP customers. During the year under review, spending by VIP customers accounted for 56.3% 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 management 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 31 December 2015, the Group has approximately 6,200 employees.

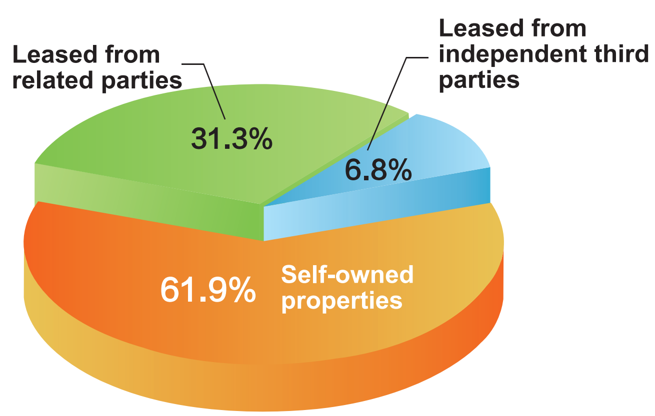
Golden Eagle In China



Self-owned properties situated at prime shopping locations accounted for 61.9%* of total gross floor area.

	Gross Floor Area (square meters)		
	Owned	Leased	Sub-total
Nanjing Xinjiekou Store	85,303	29,242	114,545
Nantong Store	9,297		9,297
Yangzhou Store	37,562	3,450	41,012
Xuzhou Store	59,934		59,934
Xi'an Gaoxin Store	27,287		27,287
Taizhou Store	58,374		58,374
Kunming Store	116,817		116,817
Nanjing Zhujiang Road Store		33,578	33,578
Huai'an Store	55,768		55,768
Yancheng Store	95,904		95,904
Yangzhou Jinghua Store		29,598	29,598
Shanghai Store		19,668	19,668
Nanjing Hanzhong Store		12,462	12,462
Nanjing Xianlin Store		42,795	42,795
Anhui Huaibei Store		34,714	34,714
Changzhou Jiahong Store	18,362	34,183	52,545
Suqian Store	65,410		65,410
Liyang Store	53,469	18,355	71,824
Xuzhou People's Square Store	37,457		37,457
Yancheng Outlet Store		18,377	18,377
Yancheng Julonghu Store		110,848	110,848
Nantong (lifestyle) Store	94,700		94,700

	Gross Floor Area (square meters)		
	Owned	Leased	Sub-total
Danyang Store		52,976	52,976
Kunshan Store	118,500		118,500
Nanjing Jiangning Store		144,710	144,710
Ma'anshan Store		87,568	87,568
Nantong Renmin Road Store	30,191		30,191
Wuhu Store	30,629		30,629
Wuhu New City Store	98,906		98,906
Total			1,766,394



* As a percentage of total gross floor area (square meters) as at 31 December 2015

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 KYI -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
Bank of Shanghai
China Construction Bank
China Minsheng Bank
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
Citibank
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

Corporate Information

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)

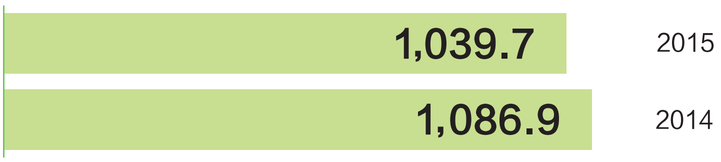
Computershare Hong Kong Investor Services Limited
Shop 1712-16, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

Financial Highlights

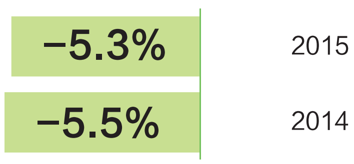
Gross Sales Proceeds (RMB Million)

Revenue (RMB Million)

Profit Attributable to Owners of the Company (RMB Million)



Same Store Sales Growth[1]



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









Enriching life with styles!

Five Years Financial Summary

	2011 RMB'000 (note 2)	2012 RMB'000 (note 2)	2013 RMB'000 (note 3)	2014 RMB'000 (note 2)	**2015** **RMB'000**	**2014** **vs 2015** **%**
Consolidated Statement of Profit or Loss for the year ended 31 December						
Gross sales proceeds (note 1)	14,590,530	16,604,399	17,196,658	16,253,971	**16,291,796**	0.2
Revenue	3,431,029	3,866,889	3,972,589	3,978,500	**4,093,527**	2.9
Operating profit from retail operations	1,538,909	1,553,502	1,519,767	1,328,818	**1,206,354**	9.2
Profit for the year attributable to owners of the Company	1,214,742	1,213,796	1,238,008	1,086,936	**1,039,718**	(4.3)
Basic earnings per share RMB	0.624	0.627	0.658	0.602	**0.597**	(0.8)
Consolidated Statement of Financial Position as at 31 December						
Non-current assets	6,968,267	7,783,642	8,333,053	10,119,585	**12,050,346**	19.1
Current assets	4,455,721	6,100,775	6,889,031	6,500,438	**7,762,794**	19.4
Total assets	11,423,988	13,884,417	15,222,084	16,620,023	**19,813,140**	19.2
Current liabilities	6,703,520	6,283,268	5,326,189	8,598,118	**11,244,275**	30.8
Non-current liabilities	124,961	2,281,611	4,624,545	2,577,010	**3,249,322**	26.1
Total liabilities	6,828,481	8,564,879	9,950,734	11,175,128	**14,493,597**	29.7
Net Assets	4,595,507	5,319,538	5,271,350	5,444,895	**5,319,543**	(2.3)
Capital and reserves						
Equity attributable to owners of the Company	4,592,523	5,316,868	5,269,161	5,440,118	**5,300,372**	(2.6)
Non-controlling interests	2,984	2,670	2,189	4,777	**19,171**	301.3
	4,595,507	5,319,538	5,271,350	5,444,895	**5,319,543**	(2.3)
Net assets per share attributable to owners of the Company (RMB)	2.363	2.748	2.863	3.046	**3.141**	3.1
Number of shares in issued (in thousand)	1,943,846	1,934,607	1,840,198	1,786,012	**1,687,685**	

Five Years Financial Summary

Notes:

(1) Gross sales proceeds represent the gross amount of direct sales, concessionaire sales, rental income, automobile service fees and management service fees charged to customers.

(2) The consolidated statement of profit or loss for each of the two years ended 31 December 2011 and 2012 and for the year ended 31 December 2014 and the consolidated statement of financial position as at 31 December 2011, 2012 and 2014 have been restated in order to include the results of entities which were acquired under common control during the year ended 31 December 2015.

(3) The consolidated statement of profit or loss for the year ended 31 December 2013 and the consolidated statement of financial position as at 31 December 2013 have been restated in order to include the results of entities which were acquired under common control during each of the two years ended 31 December 2014 and 2015.

Chairman's Statement

INDUSTRY OVERVIEW

In 2015, complicated by the European sovereign debt crisis and the move by the United States' Federal Reserve to raise interest rate, the global economy slowed down to a growth rate that was below the general expectations. In China, the economy still grew steadily and at a reasonable rate although it was facing challenges from home and abroad. After thirty years of consistent, rapid growth, China's economic and social development has entered a new stage where growth has become moderate and the service sector has gradually become predominant in the country's economy. A noteworthy development is that mobile internet has brought revolutionary changes to a number of traditional industries. The Chinese government has been pursuing macroeconomic control measures relentlessly and has taken initiatives to improve the operating environment that has encouraged more people to start their own businesses. As a result, both employment and personal income have been growing steadily and the people's consumption power has been built up. Traditional industries have also been pursuing reforms to improve the operating environment to meet consumers' higher requirements. An increasing number of consumers are trading up, which will serve as an important growth driver of the economy after the Chinese government slashed import tariffs on daily consumer goods by more than 50%. Moreover, the Chinese government cut import tariffs twice during the year in an attempt to divert the Chinese nationals' spending from the overseas to domestic markets. Consumption has developed into a primary driving force of China's economy and contributed to almost 60% of its growth. In light of the changes in the consumer market, the Chinese government has decided to leverage on both the international and domestic markets and has adopted policies on expediting the reforms of industries and on encouraging consumers to trade up (including the reduction of tariffs). The measures are aimed at sustaining the healthy development of the economy.

In 2015, China's gross domestic product ("GDP") grew by 6.9% to RMB67.7 trillion. The growth was the slowest in the past 25 years. The country's total retail sales of consumer goods grew by 10.7% to RMB30.1 trillion. Yet, the pace of growth was 1.3 percentage points lower than that recorded in 2014. Urban disposable income per capita increased by 8.2% to RMB31,195. If the price factor is excluded, the country's real GDP grew by 6.6%. Consumer price index increased by 1.4%.

In 2015, Jiangsu Province, where the Group has already established a leading position in the market, achieved a GDP growth of 8.5% to RMB7.0 trillion on the basis of comparable prices. Total retail sales of consumer goods in the province grew by 10.3% to RMB2.6 trillion, while the disposable income per capita increased by 8.7%.

BUSINESS OPERATION AND MANAGEMENT

Against the backdrop of an economic slowdown, heightened financial risks, the impact of e-commerce, a growing trend of overseas travel by the nationals and the aging population of China, the retail business at brick-and-mortar stores was facing significant challenges of low growth and operating losses. To cope with such an adverse business environment, the Group accurately anticipated and capitalized on the country's retail industry development trend and pressed on with the development direction of retail chain store expansion, emphasizing on innovation, meeting

Chairman's Statement

the needs of consumers' daily life and enhancing their shopping experience. Through the vertical integration along the industry's value chain and the horizontal expansion of the commercial platform, the Group gradually achieved the development strategy of building up a nationwide retail chain network of comprehensive lifestyle centers beginning from Jiangsu Province. The Group's gross sales proceeds ("GSP") grew by 0.2% to approximately RMB16.3 billion while revenue grew by 2.9% to approximately RMB4.1 billion in 2015. Operating profit from retail operations decreased by 9.2% to approximately RMB1.2 billion while net profit for the year decreased by 4.5% to approximately RMB1.04 billion. Same-store sales decreased by 5.3%.

In 2015, the Group had committed to continue to develop comprehensive lifestyle centers. It did so by constantly enriching its merchandise mix, innovating the layout and combination of types of merchandise and amenities offer, enhancing its controllable merchandise resources through investment and cooperation with distinctive merchandise resources. The Group also emphasizes on the interactions between online and offline operations to provide a more comprehensive lifestyle experience and a multi-channel consumption and service platform to customers.

— The Group continued to optimize its merchandise mix, with a focus on product categories that has high sales growth potential such as outdoor and sportswear, children's products and cosmetics. In 2015, GSP generated by the outdoor and sportswear product category increased by 21.9% to approximately RMB944.9 million, whilst GSP generated by children's products category increased by 16.0% to approximately RMB532.0 million.

— The Group endeavored to introduce a larger variety of lifestyle functions and amenities to provide a comprehensive service experience to customers. During the year, the Group continued to introduce distinctive brands under various functions and amenities into its floor area to enhance its competitiveness and consumers' lifestyle and shopping experience, thus adding new impetus to the growth of sales and profitability, including specialty food and beverage stores, G-Mart premium supermarket, comprehensive automobile service centers, aquariums, cinemas and early childhood education. Lifestyle functions and amenities occupied approximately 32.7% of the Group's total operating area. Revenue contributed by rental and service fee income from these lifestyle functions and amenities increased by 49.1% to approximately RMB252.3 million.

— The Group's star business, G-Mart premium supermarket, is well-received by white-collar workers in the cities which offers overseas premium goods, organic food, fresh fruits and vegetables, distinctive light meals, health tonic and other products. By organizing various interesting domestic and overseas food festivals and events like Spanish gourmet ham classroom, US food festival, Korean products fair, Yan'an New Year festival, as well as numerous promotional initiatives with other retail and lifestyle elements within the store, G-Mart not only has provided customers with a high quality of life experience, but also effectively attracted large number of customers and improved its operation results. GSP generated by G-Mart for the full year of 2015 increased by 20.2% to approximately RMB845.1 million.

Chairman's Statement

— The Group actively expanded its controllable merchandise business and continued to strengthen its close co-operation with high-quality brand suppliers through various arrangements such as buyout, distributorship, investment and equity participation so as to offer customers a variety of unique merchandise with high value under a rich portfolio of brands to enhance the Group's profitability. The Group chose a large number of unique distinctive fashion name brands as well as creative international household brands from all over the world, including brands from Germany, France, South Korea and Australia for its consumers. In 2015, the Group added 24 new brands into its controllable merchandise brand portfolio, bringing the total to 67. GSP generated from these controllable merchandise increased by 24.1% to approximately RMB308.7 million. One of the representatives of the Group's rapid development of investment and business operations, Mr. Pizza, a Korean pizza brand, operated a total of 35 stores as at the end of 2015. Among these stores, 15 of them were opened in the Group's chain stores. Nanjing Xinjiekou Mr. Pizza Store ranked No.1 in terms of single-store performance and recorded a revenue of RMB17.0 million in 2015. The store not only achieved high operating performance but also attracted more targeted young customers to the Group's comprehensive lifestyle center.

— The Group has attached much importance to the development of overseas purchase and O2O business to enrich the quality of the consumption experience and thus to enhance customer satisfaction. On 20 May 2015, "金鷹購 Jinying.com" App shopping platform was officially launched. Through co-operation with Nanjing Comprehensive Bonded Zone, the Group launched its "Oversea Purchase O2O Experience Store" at Nanjing Xinjiekou Store and Jiangning Store on 18 August 2015, which is an operating model combining the features of overseas merchandise display and imported merchandise sales into one. This move has enabled the Group to bring interesting and diverse overseas merchandise, which were sourced directly from their places of origin through supply chain co-operations, to its customers. It also enabled the Group to display its online merchandise in its offline store, to enhance shopping experience and customer interactions and to provide convenient and direct after-sales services to its customers. As at the end of 2015, "金鷹購 Jinying.com" App offered over 5,000 SKUs (stock keeping units) with 30,000 visits per day on average. Eight Overseas Purchase O2O Experience Stores were opened during the year. While driving a significant increase in customer traffic and sales performance on the floors on which they are located, these stores have become effective means of online and offline two-way marketing.

The Group actively expanded its VIP customer base, enhanced the service quality and enriched the value-added services for VIP customers, thus providing customers with a full range of attentive shopping experience.

— Through promotion of, and promotion to new members of, the "Electronic VIP Card", the Group actively expanded the customer base of the younger generation, which added impetus to the growth in the Group's results. As at 31 December 2015, the number of VIP customers of the Group reached approximately 2.5 million. VIP customers' consumption accounted for 56.3% of the Group's total GSP.

Chairman's Statement

— 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 and various VIP value-added services which enhanced customers' shopping experience. The "goodee mobile App" now provides lifestyle services like product promotions, overseas purchase (金鷹購), store shopping guide, movie ticket booking, reward points redemption, e-gift cards, smart parking and optometric centre. As at the end of 2015, the "goodee mobile App" application has registered over approximately 4.8 million downloads, representing an increase of more than 140% compared with those at the end of 2014 and has over approximately 1.2 million VIP customers getting connected their VIP cards with the App.

— The Group's comprehensive automobile service chain also provided rich extended services to Golden Eagle's VIP customers. These extended services further enhanced the comprehensiveness of the Group's lifestyle functions and amenities offer. The establishment of in store high-end second-hand car exhibition centers and automobile maintenance services center chain targeting high-end cars helped to expand the Group's VIP customer base and divert customer traffic to stores.

CORPORATE DEVELOPMENT AND OPENING OF NEW STORES

Leveraging on our leading position and strong competitive advantages in Jiangsu Province, the Group will continue to reinforce its leading position and solidify its presence in the regions of Jiangsu, Anhui, Shaanxi, Yunnan and Shanghai by establishing comprehensive lifestyle centers with competitive strengths and potential for long-term business growth. In 2015, the Group has opened 4 new "Comprehensive Lifestyle Centers":

— 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 gross floor area ("GFA") of approximately 53,000 square meters. The store has adopted a fashionable street layout catering for the needs of daily life. The Group has introduced the G-Mart premium supermarket, special cuisines, a family entertainment park and other businesses that cater for lifestyle at the Danyang Lifestyle Center. The move enhanced the shopping experience of the local customers. Danyang Lifestyle Center and Danyang Golden Eagle Tiandi Plaza complement each other, and they form the first one-stop commercial complex with aggregate GFA of 360,000 square meters in Danyang.

— 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. Kunshan Lifestyle Center and Kunshan Golden Eagle Tiandi Plaza complement each other, and they form a commercial complex with aggregate GFA of over 1 million square meters. GSP generated by the lifestyle center exceeded RMB310 million during its first 11 months of operation.

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— On 3 July 2015, the Group's Nanjing Jiangning Lifestyle Center, which is also the Group's fifth store at Nanjing, 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. The lifestyle centre, a luxurious hotel and high-grade apartments form a large commercial complex, with a GFA of 250,000 square meters. The commercial complex became families' preferred place for shopping and leisure in the Jiangning area, and the new shopping experience it brings to the local customers has attracted a lot of foot traffic. GSP generated by lifestyle centre exceeded RMB180 million during its first 6 months of operation.

— On 29 August 2015, the Group's Ma'anshan Lifestyle Center, which is also the Group's first lifestyle center at Anhui Province, commenced trial operation. The store is located at the northwest corner of Ma'anshan Tuanjie Square and is next to the urban ecological park, Yushan Lake. It occupies a core position in the bustling traditional commercial district of Ma'anshan City with a GFA of approximately 87,600 square meters. The store brings together multi-functional facilities and amenities, including fashion shopping, entertainment and leisure, G-Mart premium supermarket, catering, cinema and parenting activities and offers an all-round lifestyle experience incorporating shopping, vacation, leisure and entertainment. Lifestyle functions and amenities accounts for 45.6% of its total operating area. The store has become a one-stop shopping and leisure experience centre for customers in Ma'anshan.

To further solidify the Group's presence in the two provinces of Jiangsu and Anhui and adhere to the Group's development strategy of acquiring premium properties in the core business districts of target cities at low cost, the Group completed its acquisition of four commercial projects on 31 December 2015, including Nantong Global Era International Shopping Center (南通僑鴻國際購物中心), Nantong Baxiancheng (南通八仙城), Wuhu Global Era Commercial Complex (蕪湖僑鴻商業綜合體) and Wuhu Riverside Century Plaza (蕪湖濱江世紀廣場). The Group will gradually upgrade and transform these premises into large distinctive commercial complexes in line with the Group's comprehensive lifestyle development strategy based on the unique characteristics of each individual project.

— Nantong Renmin Road Store (南通人民路店) (formally known as Nantong Global Era International Shopping Center (南通僑鴻國際購物中心)) is located at the prime location of traditional Nanda Street (南大街) commercial district of Nantong City, with convenient transportation and a vibrant business atmosphere. The shopping centre has a GFA of approximately 30,200 square meters. The store has previously been positioned as a traditional department store with a large number of loyal customers in Nantong. Leveraging on the abundant VIP customer base the Group has accumulated in the city and the synergy to be created with the existing Nantong Nanda Street Store and the Group's Nantong Lifestyle Center, the store has recently been repositioned as the first lifestyle center in Nantong which houses a variety of catering and leisure functions with childhood as its theme.

Chairman's Statement

— Nantong Baxiancheng (南通八仙城) is situated at the intersection of Nanda Street and Renmin Road, at the heart of Nanda Street commercial district of Nantong. It enjoys convenient transportation, a vibrant business atmosphere and has a GFA of approximately 23,700 square meters. The property is currently occupied by a hypermarket and some street shops. The Group will continuously optimize the tenant mix of the property, introduce more prominent brand tenants in a bid to boost the revenue from the property.

— Wuhu New City Plaza (蕪湖新城市中心廣場) (formally known as Wuhu Global Era Riverside Century Plaza (蕪湖僑鴻濱江世紀廣場)), is a landmark building located at the core business district of Wuhu City, with a total GFA of approximately 406,000 square meters. It consists of three main buildings, including a 318-meter high office tower which was designed and constructed in accordance with International Grade 5A Standards, two 160-meter super-high apartment buildings with an exquisite river view and a large shopping mall of approximately 100,000 square meters, Wuhu New City Store (蕪湖新城市中心店) (formally known as Wuhu Honghui City (蕪湖鴻匯城)), which has substantial commercial value. The Group has transformed the shopping mall into a comprehensive lifestyle centre which caters for the needs of the middle-income and high-income families in the city at one-stop. Various facilities and amenities, including G-Mart premium supermarket, household and living, sports and leisure, bookstore for arts and culture, children's entertainment, specialty restaurants and beauty and hairdressing were introduced to fully satisfy the needs of families.

— Wuhu Shopping Center (蕪湖購物中心店) (formally known as Wuhu Global Era Commercial Complex (蕪湖僑鴻商業綜合體)) is located at the prime location of the traditional Zhongshan Road business district in the downtown of Wuhu. The complex consists of a traditional department store with GFA of approximately 30,700 square meters and a five-star hotel and a grade-A office building with an aggregate GFA of approximately 66,000 square meters. The store will continue to be positioned as a mid-to-high-end department store. The Group will bring in its leading merchandise resources to improve and highlight the female theme and children functions with an aim to boost foot traffic and create synergy with the adjacent Ma'anshan Lifestyle Centre and Wuhu New City Store.

In 2015, the Group actively optimized the layout of its chain stores to meet the development of its comprehensive lifestyle strategy. During the year, due to certain constraints in the leased properties and limitation in transforming into a lifestyle center, the Group suspended the operations of five of its stores, namely Hefei Baihuajing Store, Hefei Dadongmen Store, Hefei Suzhou Road Store, Kunming Nanya Store and Changzhou Wujin Store. The suspension of these five stores with an aggregate GFA of approximately 160,000 square meters had only a slight impact on the overall operations and sales of the Group.

The launch, acquisition and suspension of the above-mentioned stores and properties have increased the Group's total retail GFA by approximately 427,200 square meters, resulting in a total retail GFA of approximately 1,766,000 square meters as at the end of 2015. The Group's comprehensive lifestyle centers have reached 10 with a total GFA of approximately 1,035,000 square meters.

Chairman's Statement

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 1.1 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 centers 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 in the long term, cost-effective, sizeable 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

In 2016, the world's economy is expected to remain sluggish. Specifically, emerging markets' economic recovery is fragile and uncertain as they are being affected by problems such as the Federal Reserve's initiative to raise interest rates, the capital outflow and slow reforms that fail to keep pace with their development. The US economy is expected to continue with its slow recovery. The European economy shows clear signs of stabilization now whereas Japan's economy predicament is worsening. In China, the economy has shown signs of bottoming out as it is building on the government's earlier stimulus policy that date back to 2012. The country will steadily develop its economy with its "13th Five-year Plan" and is speeding up its economic restructuring and reform. In that national development plan, the government promulgated an economy driven by innovation and consumption. As part of this endeavor, a series of relevant policies are expected to be introduced to support the long-term development of the commercial retail sector.

The management remains optimistic about China's retail market development in the future. In 2016, the Group will proactively explore effective ways to operate its business and introduce unique and innovative types of 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) developing itself into a professional retailer which provides high quality innovative comprehensive services, prioritizing the development and sales of product categories with high growth potential and high gross margin, increasing the types of lifestyle functions that cater for mainstream customers' demands and needs, including healthy food, education and tourism, etc. in order to enhance its comprehensiveness for shopping, leisure and family gatherings; (ii) further increasing the controllable merchandise resources. The Group will continue to develop and promote high value-for-money merchandise under the brands which the Group has deep exclusive cooperation relationships with and the Group's proprietary brands and to fully tap the potential of the online supplier recruitment platform. This will strengthen the Group's competitiveness and lay a solid foundation for the Group's e-commerce development; (iii) continuing to optimize the O2O (online-to-offline) business model that suits the Group's own way of development. On the basis of the existing "Oversea Purchase O2O Experience Store", the Group will further expand "portable online merchandise experience points" where target customers will be fine segmented, merchandise will be displayed at different stores and floors in accordance with different target customer groups to lead to higher efficiency and flexibility. Meanwhile, for online merchandise categories, the Group will further expand the range and mix of famous, special and high-quality merchandise offerings from Europe, the United States and China; and (iv) endeavoring to nurture core senior management talents, continuing to optimize the management structure and improving the overall operational efficiency.

Meanwhile, the Group will also develop its new chain stores at a steady pace. We will ensure that each new store will be managed by a pragmatic and efficient management team. We will consolidate our presence in the regions of Jiangsu, Shaanxi, Anhui and Yunnan through horizontal development of comprehensive lifestyle centers at self-owned properties or through other means including mergers and acquisitions. Such move will strengthen the Group's competitive strength for long-term business growth. The Group will build on the foundation of its existing brand resources, introducing a collection of unique and distinctive merchandise brands into its floor area and enlarging its cooperation and collaboration with distinctive international brands that are in line with the development strategy of comprehensive lifestyle concept. It will actively develop new business models with good prospects.

Lastly, on behalf of the Board, I would like to express my heartfelt gratitude to all our staff members for their hard work and dedication and thank our shareholders, business partners and customers for their enduring support. In the coming year, the Group will continue to overcome difficulties and grasp commercial development opportunities and make effort to innovate as a cohesive force so as to achieve better results.

Wang Hung, Roger
Chairman

30 March 2016

Management Discussion and Analysis

FINANCIAL REVIEW

GSP and Revenue

During the year, the Group continued to face a challenging and volatile economic environment and the intensifying competition from the emerging retail industry. Despite all these, GSP of the Group remains stable at RMB16,291.8 million, representing a year-on-year growth of 0.2% or RMB37.8 million. The growth was mainly contributed by the net effects of (i) a slight decrease in SSSG by 5.3% as the Group has endeavoured to focusing on productive sales with reasonable profit margin; (ii) the inclusion of full year 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.

The 6 new lifestyle centers opened since September 2014, namely Yancheng Julonghu Store, Nantong Lifestyle Center, Danyang Store, Kunshan Store, Jiangning Store and Ma'anshan Store generated RMB1,440.9 million GSP which contributed 8.8% of the Group's total GSP during the year 2015.

During the year 2015, concessionaire sales contributed 85.9% (2014: 87.4% (restated)) of the Group's GSP, representing a decrease of 1.5% from RMB14,205.2 million to RMB13,993.1 million, and direct sales contributed 12.4% (2014: 11.5% (restated)) of the Group's GSP, representing an increase of 8.5% from RMB1,866.9 million (restated) to RMB2,024.8 million. Rental income and automobile services fees contributed the remaining 1.7% (2014: 1.1% (restated)) of the Group's GSP, representing an increase of 48.5% from RMB181.9 million (restated) to RMB270.2 million.

Commission rate from concessionaire sales decreased to 17.7% (2014: 18.2%) while the gross profit margin from direct sales increased to 18.1% (2014: 13.8% (restated)), which results in the overall gross profit margin from concessionaire sales and direct sales remaining stable at 17.7% (2014: 17.7% (restated)). It 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 0.4% (2014: 3.1%); and (iii) the increase in sales of controllable merchandise and direct buy supermarket items which provided a better margin to the Group and led to a 4.2 percentage points increase in direct merchandise sales margin from 16.6% to 20.8%.

In terms of GSP breakdown by merchandise categories, apparel and accessories contributed 49.7% (2014: 50.0% (restated)) of the GSP, gold, jewellery and timepieces contributed 17.3% (2014: 19.9% (restated)), cosmetics contributed 8.7% (2014: 8.6% (restated)), outdoor and sportswear contributed 5.8% (2014: 4.8% (restated)), and the remaining categories including electronics and appliances, tobacco and wine, household and handicrafts, supermarket, children's wear and toys and automobile sales contributed the remaining 18.5% (2014: 16.7% (restated)).

The Group's total revenue amounted to RMB4,093.5 million, which increased by 2.9% from last year. The increase in revenue was generally in line with the improvement in overall profit margins.

Management Discussion and Analysis

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 various investment activities.

Other income, gains and losses increased by RMB202.9 million or 50.5% to RMB604.3 million for the year 2015. Such increase was primarily due to (i) the increase in income from suppliers and customers by RMB36.6 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 RMB83.2 million. As at 31 December 2015, the Group's securities investments in aggregate amounted to RMB397.0 million; (iii) the aggregate gains on the disposal of a subsidiary and an associate of the Group amounted to RMB30.3 million during the year 2015, i.e. disposal of a portion of the Group's equity interest in Nanjing Golden Eagle Pop Mart Trading Co., Ltd. from 80.1% to 48% and the disposal of Zanadu Holding Limited, a 16.6% associate which is engaged in on-line travel agency services; (iv) the gain on the Group's redemption of USD21.5 million senior notes which amounted to RMB25.8 million. As at 31 December 2015, the Group's outstanding senior notes amounted to USD378.5 million (equivalent to RMB2,433.3 million); (v) the bargain purchase gain arising on the acquisition of Global Era Group which amounted to RMB771.3 million; (vi) impairment loss/provisions which amounted to RMB317.2 million (2014: nil) in relation to store suspension, namely the three stores at Hefei, Kunming Nanya Store and Changzhou Wujin Store during the year 2015; and (vii) the increase in foreign exchange loss by RMB413.7 million to RMB427.1 million as a result of the fluctuations in RMB exchange rates during the period under review.

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 RMB32.0 million or 2.3% to RMB1,407.7 million for the year 2015. The increase was generally in line with the increase in direct sales.

Employee benefits expense

Employee benefits expense increased by RMB58.8 million or 13.3% to RMB500.8 million for the year 2015. The increase was primarily contributed by (i) the inclusion of full year 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; (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 0.4 percentage point to 3.6% as compared to 3.2% (restated) for the same period last year.

Had the 6 new lifestyle centers and the 5 suspended stores been excluded from the calculation, on a comparable basis, employee benefits expense would have been increased by RMB6.6 million or 1.8%. Employee benefits expense as a percentage to GSP increased by 0.2 percentage point to 3.0% as compared to 2.8% (restated) for 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 RMB98.2 million or 38.2% to RMB354.9 million for the year 2015. The increase was primarily due to: (i) the inclusion of full year 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 0.7 percentage point to 2.6% as compared to 1.9% (restated) for the same period last year.

Had the 6 new lifestyle centers and the 5 suspended stores been excluded from the calculation, on a comparable basis, depreciation and amortisation expenses would have been increased by RMB30.0 million or 13.5%. Depreciation and amortisation expenses as a percentage to GSP increased by 0.4 percentage point to 2.1% as compared to 1.7% (restated) for the same period last year.

Rental expenses

Rental expenses increased by RMB19.2 million or 10.3% to RMB205.8 million for the year 2015. This was mainly contributed by the net effect of (i) the inclusion of full year rental expenses of those stores or additional retail spaces operating in leased properties which commenced operation in the year 2014, including a portion of the operating area of Nanjing Xinjiekou Block B and Yancheng Julonghu Store; (ii) the rental expenses of Danyang Store, Jiangning Store and Ma'anshan Store which commenced operation in the year 2015; (iii) the decrease in rental expenses by RMB18.6 million for those stores which were suspended operation or closed during the comparable periods; 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 0.2 percentage point to 1.5% as compared to 1.3% (restated) for the same period last year.

Had the 6 new lifestyle centers and the 5 suspended stores been excluded from the calculation, on a comparable basis, rental expenses would have been increased by RMB3.9 million or 2.7%. Rental expenses as a percentage to GSP increased by 0.1 percentage point to 1.2% as compared to 1.1% (restated) for the same period last year.

Management Discussion and Analysis

Other expenses

Other expenses increased by RMB64.8 million or 9.6% to RMB742.5 million for the year 2015. Other expenses mainly include water and electricity expenses, advertising and promotion expenses, repair and maintenance expenses and property management fees. The increase was primarily contributed by (i) the inclusion of full year 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 0.4 percentage point to 5.3% as compared to 4.9% (restated) for the same period last year.

Had the 6 new lifestyle centers and the 5 suspended stores been excluded from the calculation, on a comparable basis, other expenses would have been decreased by RMB22.4 million or 4.0%. Other expenses as a percentage to GSP increased by 0.1 percentage point to 4.4% as compared to 4.3% (restated) for the same period last year.

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 RMB23.1 million or 8.9% to RMB237.1 million for the year which was primarily due to the deployment of more capital in the acquisition and construction of the Group's department chain stores 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 RMB57.8 million or 35.9% to RMB218.7 million for the year 2015. The increase was primarily due to the increase in bank borrowings during the period under review.

Share of profit of associates

Share of profit 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).

Income tax expense

Income tax expense of the Group increased by RMB13.6 million or 3.0% to RMB472.0 million. Effective tax rate for the period under review was 31.3% (2014: 29.7% (restated)). The increase in effective tax rate by 1.6 percentage points was mainly due to the increase in offshore non-deductible expenses, including the finance costs and foreign exchange loss.

Management Discussion and Analysis

Profit for the year

Owing to the decrease in profit from retail operations and increase in non-operating income, profit for the year decreased by RMB48.6 million or 4.5% to RMB1,036.2 million. Net profit margin to GSP was 7.4% (2014: 7.8% (restated)) for the year 2015.

Profit from retail operations decreased by RMB122.5 million or 9.2% to RMB1,206.4 million, while profit from retail operations before depreciation and amortisation decreased by RMB24.3 million or 1.5% to RMB1,561.2 million.

As at 31 December 2015, excluding those stores which were suspended operation or closed during the comparable periods, the aggregate net operating losses generated by 9 (2014: 10) loss making stores amounted to RMB117.4 million (2014: RMB93.0 million).

Capital expenditure

Capital expenditure of the Group for the year 2015 amounted to RMB1,040.8 million (2014: RMB1,063.4 million (restated)).

The amount mainly comprised contractual payments made for acquisition of property, plant and equipment and land use rights, construction of greenfield projects for department chain store 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 the local markets.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 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 RMB4,290.9 million (2014: RMB5,429.6 million (restated)) whereas the Group's total borrowings (including bank borrowings and senior notes) amounted to RMB8,311.8 million (2014: RMB5,546.0 million (restated)). For the year ended 31 December 2015, the Group's net cash generated from operating activities amounted to RMB1,017.2 million (2014: RMB717.4 million (restated)), the Group's net cash used in investing activities amounted to RMB649.1 million (2014: RMB465.2 million (restated)) and the Group's net cash generated from financing activities amounted to RMB43.2 million (2014: used in financing activities amounted to RMB115.9 million (restated)).

The Group's bank borrowings amounted to RMB5,878.6 million (2014: RMB3,126.4 million (restated)) which comprised unsecured short-term bank loans of RMB233.7 million (2014: RMB1,013.8 million (restated)), a 3-year dual-currency syndicated loan of RMB4,866.4 million (2014: RMB2,112.6 million) and secured bank loans of RMB778.5 million (2014: nil). The senior notes amounted to RMB2,433.2 million (2014: RMB2,419.6 million) as at 31 December 2015.

Management Discussion and Analysis

During the period under review, the Group's dual-currency three-year term loan facility of USD259.5 million and HKD665.0 million which became due for full repayment in April 2015 was re-financed by another dual-currency three-year term loan facility in the amount of USD625.5 million and HKD1,052.0 million due for full repayment in April 2018 (the "2015 Syndicated Loan"). As at 31 December 2015, the entire 2015 Syndicated Loan had been drawn and utilized. The Group has breached certain financial covenants imposed by the terms of the 2015 Syndicated Loan. The Directors of the Company are of the view that it is unlikely that the lenders will demand immediate repayment. On discovery of the breach, the management of the Company informed the lenders and commenced a renegotiation of the revised terms of the facility agreement. As at 31 December 2015, these negotiations had not been concluded. Since consent waiver has not been obtained by the Company from the lenders on such breach, the loan has been classified as a current liability as at 31 December 2015. Up to the date of this report, the negotiations were still in progress. The Directors are confident that the negotiations with the lenders will ultimately reach a successful consensus. Notwithstanding the Directors consider that it is unlikely that the lenders will demand immediate repayment, should the lenders call for immediate repayment of the loan, the Directors believe that adequate alternative sources of financing are available to ensure that there is no threat to the Group operating on a going concern basis.

Total assets of the Group as at 31 December 2015 amounted to RMB19,813.1 million (2014: RMB16,620.0 million (restated)) whereas total liabilities of the Group amounted to RMB14,493.6 million (2014: RMB11,175.1 million (restated)), resulting in a net assets position of RMB5,319.5 million (2014: RMB5,444.9 million (restated)). The gearing ratio, calculated by dividing the total borrowings over the total assets of the Group, increased to 42.0% as at 31 December 2015 (2014: 33.4% (restated)).

The capital commitments of the Group as at 31 December 2015 amounted to RMB639.4 million (2014: RMB1,912.6 million), which were contracted for but not provided in the consolidated financial statements in respect of:

	2015 **RMB'000**	2014 RMB'000
Acquisition of property, plant and equipment and land use rights	**572,906**	885,666
Acquisition of a joint venture	**35,700**	986,000
Interest in an associate	**30,764**	30,764
Interest in a subsidiary	**—**	10,200
	639,370	1,912,630

The capital commitments of the Group will be settled by the internal resources of the Group in accordance with the relevant contractual terms set out in the respective contracts.

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 shareholders which amounted to RMB25.0 million (2015: nil).

Management Discussion and Analysis

CONTINGENT LIABILITIES

As at 31 December 2015, the Group has no material contingent liabilities.

PLEDGE OF ASSETS

As at 31 December 2015, the Group pledged the equity interests in certain subsidiaries and created fixed and floating charges over the assets of these subsidiaries to secure the 2015 Syndicated Loan granted to the Group.

Assets with the following carrying amounts have been pledged to secure the 2015 Syndicated Loan:

	2015	2014
	RMB'000	RMB'000
Available-for-sale investments	**214,000**	68,398
Restricted cash	**39,945**	17,104
Bank balances and cash	**129,694**	33,452
	383,639	118,954

Assets with the following carrying amounts have been pledged to secure general banking facilities granted to the Group:

	2015	2014
	RMB'000	RMB'000
		(restated)
Restricted cash	**44,224**	4,331
Property, plant and equipment	**1,104,204**	—
	1,148,428	4,331

FOREIGN EXCHANGE EXPOSURE

Certain 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. For the year ended 31 December 2015, the Group recorded a net foreign exchange loss of RMB427.1 million (2014: a net foreign exchange loss of RMB13.4 million). The Group's operating cashflows are not subject to any exchange fluctuation.

Management Discussion and Analysis

EMPLOYEES

As at 31 December 2015, the Group employed a total of 6,200 employees (2014: 6,000) with remuneration in an aggregate amount of RMB500.8 million (2014: RMB442.0 million (restated)). The remuneration policies of the Group are formulated with reference to market practices, experiences, skills and performance of the individual employee and will be reviewed every year.

CORPORATE SOCIAL RESPONSIBILITY

The Group is conscious of its role as a socially responsible group of companies. The Group has made donations for community services institutions and encourages its employees to participate in charitable events and social services.

Directors and Management Profiles

DIRECTORS

Executive Director

Mr. Wang Hung, Roger (王恒), aged 67, is the chairman of the Company and is responsible for the overall management, strategic planning and major decision-making of the Group. Mr. Wang obtained a bachelor degree in Economics from Chinese Culture University of Taiwan and a master degree in business administration ("MBA") from Southeastern Louisiana University of the United States in 1969 and 1973 respectively. Mr. Wang established Transpacific Management Inc. in the United States in 1978 and was the president of the company. He established Golden Eagle International Group in 1992 and has been its chairman since then. Mr. Wang was awarded the Honorary Citizen of Nanjing in 1994. He is now the honorary chairperson of The Association of Overseas Affairs of Nanjing (南京市海外聯誼會). Mr. Wang was also awarded Entrepreneur of the Year 2011 China by Ernst & Young. He has over 38 years of experience in the development and management of real estate and department store retailing and has served the Group for more than 23 years.

Independent non-executive Directors

Mr. Wong Chi Keung (黃之強), aged 61, holds a MBA degree from University of Adelaide in Australia. He is a fellow member of Hong Kong Institute of Certified Public Accountants, The Association of Chartered Certified Accountants and CPA Australia; an associate member of The Institute of Chartered Secretaries and Administrators and The Chartered Institute of Management Accountants. Mr. Wong was a Responsible Officer for asset management, advising on securities and corporate finance for Greater China Capital Limited (formerly known as Sinox Fund Management Limited) under the Securities and Futures Ordinance of Hong Kong during the period between March 2010 and April 2016. Mr. Wong was an executive director, the deputy general manager, group financial controller and company secretary of Yuexiu Property Company Limited (formerly known as Guangzhou Investment Company Limited), a company listed on the Stock Exchange, for over ten years. He is also an independent non-executive director and a member of the audit committee of Asia Orient Holdings Limited, Asia Standard International Group Limited, Century City International Holdings Limited, China Shanshui Cement Group Limited, China Ting Group Holdings Limited, ENM Holdings Limited, Fortunet e-Commerce Group Limited, Nickel Resources International Holdings Company Limited (formerly known as China Nickel Resources Holdings Company Limited), Yuan Heng Gas Holdings Limited (formerly known as Ngai Lik Industrial Holdings Limited), Paliburg Holdings Limited, Regal Hotels International Holdings Limited, TPV Technology Limited and Zhuguang Holdings Group Company Limited, all of which are listed on the Stock Exchange. Mr. Wong has retired/resigned as an independent non-executive director of PacRay International Holdings Limited (formerly Known as PacMOS Technologies Holdings Limited) and Imperial Pacific International Holdings Limited (formerly known as First Natural Foods Holdings Limited), both are listed on the Stock Exchange, with effect from 1 July 2014 and 21 November 2013 respectively. Mr. Wong has over 39 years of experience in finance, accounting and management and has served the Company since February 2006.

Directors and Management Profiles

Mr. Lay Danny J (雷王鯤), aged 64, graduated with a B.S. in Physics from Chung Yuan University of Taiwan and a MBA degree from Drury University in Missouri of the United States of America. Mr. Lay is now the consultant of Emerson Group. Mr. Lay is a fellow member of Hong Kong Institute of Directors and a member of the Board of Trustees at Drury University in Missouri of the United States of America. Mr. Lay has over 22 years of experiences in operational management. He was (i) the Special Assistant to the Governor of the State of Missouri, United States of America; (ii) the Commissioner for U.S. Banks; (iii) the General Manager of Ridge Tool Asia Pacific; (iv) the Director of Ridge Tool (Australia) Pty. Ltd., Leroy Somer Electro-Technique (Fuzhou) Co., Ltd., Tsubaki Emerson Co. Osaka, Japan, ClosetMaid (Jiangmen) Ltd., Tsubaki Emerson HSC (Tianjin) Co., Emerson Electric (China) Holdings Co., Ltd., Zhejiang Emerson Motor Co. Ltd., Emerson Electric (M) Sdn. Bhd., Emerson Electric (Thailand) Ltd., the Director and President of Emerson Electric Company, Greater China; (v) the Chairman and General Manager of Emerson Trading (Shanghai) Co., Ltd.; (vi) the Managing Director of Emerson Electric (Taiwan) Co., Ltd.; (vii) the Business Leader of Emerson Commercial and Residential Solutions, Asia Pacific Region; (viii) the Vice President of Business Development & Operations, Emerson Electric Company, South-east Asia Region; (ix) the Chairman and Director of Emerson Professional Tools (Shanghai) Ltd. and (x) the Director of Emerson Junkang Enterprise (Shanghai) Co., Ltd.. Mr. Lay has resigned as a Director of Allied Industrial Corp., Ltd. (中美聯合實業股份有限公司) (a company listed on the Taiwan's GreTai Securities Market (證券櫃檯買賣中心)), which is an associate of the Company, with effect from 3 August 2015. He has served the Company since May 2015.

Mr. Wang Sung Yun, Eddie (王松筠), aged 71, graduated from Chung Yuan University of Taiwan with a Bachelor degree in Architecture in 1968 and obtained his Master degree in Architecture from the University of Illinois, Champaign, Urbana of the United States in 1971. He is the president of TDC China, F+T Group China, which acted as the development manager of Nanjing World Trade Center located at Hexi, Nanjing. He is the founder and president of GLC Enterprises, LLC, an international real estate development service company. Amongst its various projects, Paradise Valley has embarked on an extraordinary undertaking to apply the principles of social, economic and environment sustainability to the design and development of a smart growth community, which is located in Coachella Valley, California. Mr. Wang joined Jerde Partnership at its inception in 1977, which was a visionary architecture and master planning firm that designs unique places – delivering memorable experiences and attracting millions of people every day. From 1996 to 2002, Mr. Wang served as its president to help building the firm's organization and philosophy. He was responsible for the innovative strategic business development policies that led Jerde Partnership to prominence. Jerde Partnership pioneered experiential place-making, a discipline that revitalized cities worldwide, including Rotterdam, Holland; San Diego, California; Fukuoka, Japan and multiple cities in China where the urban shopping center has become a significant real estate and development phenomenon. Being professionally licensed in 24 states in the United States, Mr. Wang has consistently supported the design profession and community and acted as speakers at various forums including, inter alia, Urban Land Institute, International Council of Shopping Centers and summer school of Harvard University's Graduate School of Design. He serves as an Advisory Board Member at the University of Southern California's School of Policy, Planning and Development. He is also on the Board of Trustee of Woodbury University, Burbank, California. He was honored as a member of the International Who's Who of the Professionals in 1996 and was on the Board of the Los Angeles National Bank and California Chinese-American Construction Professionals. He was elected as an independent non-executive Director of the Company on 13 May 2015.

Directors and Management Profiles

SENIOR MANAGEMENT (MEMBERS FROM THE OFFICE OF THE PRESIDENT)

Mr. Su Kai (蘇凱), aged 38, is the Chief Executive Officer of the Group. Mr. Su graduated from Henan University of Science and Technology (河南科技大學) in automation in 1999 and obtained a MBA degree from Shanghai Jiaotong University (上海交通大學) in 2007. He was the chief executive officer of San Fu Department Store Ltd. (三福百貨有限公司), a leading specialty retailer of private label apparel (SPA) department store in China; the general manager of IBM Global Business Services Division Nanjing Branch; the regional director of the Eastern Region, Southern Region and Greater China Region of Kronos as well as the person-in-charge of the United States Workforce Institute China Branch; and the branch manager of BenQ Guru Nanjing Branch. He joined the Group in July 2014 and was appointed as the Chief Executive Officer in August 2014. Mr. Su is responsible for managing the Group's overall daily operations. Mr. Su has over 16 years of extensive management experiences in retail management, business strategy development, human resource management and information technology industry and has served the Group for more than 1 year.

Mr. Zhu Yongfei (朱永飛), aged 51, is the senior vice president of the Group. Mr. Zhu obtained a bachelor degree in Power Vacuum Technology Professional from Southeast University (東南大學) in 1985. He joined Golden Eagle International Group in August 2012 and served as the assistant president of Golden Eagle International Group and the general manager of Golden Eagle International Properties Asset Management Co., Ltd.. He also served as the general manager of merchandising operation management center in Golden Eagle International Group in April 2013. He was re-designated to the Group in August 2014, and is responsible for new store construction management and coordination. Mr. Zhu has over 21 years of experience in corporate and merchandising management and has served the Group for more than 3 years.

Mr. Li Pei (李培), aged 52, is the vice president of the Group. Mr. Li obtained a bachelor degree in Animal Husbandry and Veterinary Medicine from Yangzhou University (揚州大學) in 1986. He joined the Group in October 2001 and served as the deputy director of merchandising department of Yangzhou Store, the director of operational department of Xuzhou Store, the assistant general manager and the deputy general manager of Xi'an Store, the general manager of Huai'an Store, the general manager of Yancheng Store and the assistant president of the Group. He was promoted as the vice president of the Group in January 2014. He is responsible for the Group's integrated management in the central and northern parts of Jiangsu Province, as well as daily operational management of Yancheng Store. Mr. Li has over 23 years of experience in retail management and has served the Group for more than 14 years.

Ms. Tai Ping, Patricia (戴苹), aged 43, is the Chief Financial Officer of the Group. Ms. Tai obtained a double bachelor degree in Accounting and Information System degree from Monash University, Australia in 1995. Ms. Tai is a fellow member of Hong Kong Institute of Certified Public Accountants and a member of CPA Australia. She has over 20 years of experience in auditing and financial management. Ms. Tai joined the Group in September 2008 as the assistant president of the Group and was promoted as the Chief Financial Officer in April 2009. She has also served as the Company Secretary of the Company from December 2010 onwards. She has served the Group for more than 7 years.

Directors and Management Profiles

Ms. Liu Meng Jie (劉夢婕), aged 36, is the assistant president of the Group. Ms. Liu graduated from Jinling Institute of Technology (南京金陵科技學院) in 2001, majoring in International Business Management. She joined the Group in 2001 and served as the deputy manager of the Group's promotion planning department, manager of promotion planning department of Nanjing Store, and manager, deputy director and director of the Group's promotion planning department. She was promoted as the assistant president of the Group in January 2013. She is responsible for the operational management of the Group's "金鷹購 Jinying.com" App shopping platform. Ms. Liu has over 14 years of experience in promotion planning and management and has served the Group for more than 14 years.

Ms. Wang Xuan (王軒), aged 42, is the assistant president of the Group. Ms. Wang graduated from Nanjing University of Science and Technology (南京理工大學) in 1995, majoring in International Economy and Trading. She joined the Group in 2004. Ms. Wang served as the manager, deputy director and director of the administration department of the Group. She was promoted as the assistant president of the Group in January 2015. Ms. Wang is responsible for the integration of the Group's human resources and administration functions among different regions and individual stores and has over 21 years of experience in administration management and has served the Group for more than 11 years.

Ms. Zhang Wanyu (張文煜), aged 45, is the assistant president of the Group. Ms. Zhang obtained a MBA degree from Nanjing University (南京大學) in 2011. She joined the Group in 2011 as director of the finance department. She was re-designated to Nanjing Xinbai Holdings Group Co., Ltd. as director of the finance department and deputy manager. She was re-designated to the Group in August 2015 and is responsible for the Group's financial management. Ms. Zhang has over 24 years of experience in financial management and has served the Group for more than 4 years.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

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

The Directors are of the opinion that the Company has complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") under Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") which were in force at the material time for the year ended 31 December 2015.

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

THE BOARD

The Board plays a central supporting and supervisory role in the Group and is responsible for promoting the success of the Group by directing and supervising its affairs in a responsible and effective manner.

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

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

BOARD COMPOSITION

As at the date of this report, the Board comprised 4 members, including one executive Director, Mr. Wang Hung, Roger (Chairman) and three independent non-executive Directors, Mr. Wong Chi Keung, Mr. Lay Danny J and Mr. Wang Sung Yun, Eddie. Other than being members of the Board, there is no other relationship between the members of the Board. The Board believes that the composition of executive and non-executive Directors is reasonable and adequate to provide sufficient checks and balances that serve to safeguard the interests of the Company and its shareholders as a whole.

Corporate Governance Report

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

During the year ended 31 December 2015, the Board had at all times met the relevant requirements under the Listing Rules relating to the appointment of at least three independent non-executive Directors (representing not less than one-third of the Board), with at least one independent non-executive Director possessing appropriate accounting and related financial management expertise. The independence of the independent non-executive Directors is assessed according to the relevant rules and requirements under the Listing Rules. The Company has received from each of the independent non-executive Directors a confirmation of his independence in accordance with Rule 3.13 of the Listing Rules and the Company is of the view that all independent non-executive Directors meet the independence guidelines and are independent in accordance with the relevant rules and requirements.

The Nomination Committee has reviewed the Board's structure, size, diversity and composition to ensure that it has a balance of expertise, skills, independence and experience appropriate to the requirements of the Group's business development and operations.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the year under review, the Chairman of the Board took a leading role in the day-to-day management and is responsible for the effective functioning of the Board. He was also responsible for the overall strategic development of the Group. Mr. Su Kai (蘇凱) has acted as the chief executive officer of the Company since 25 August 2014, and was responsible for managing the Group's overall daily operations. The Group's senior management team was responsible for implementation of business strategy and management of the day-to-day operations of the Group's business.

APPOINTMENT, RE-ELECTION AND REMOVAL

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

The Nomination Committee will make recommendations to the Board on the appointment of Directors and senior management. Potential new directors are selected on the basis of their qualifications, skills and experience that the Directors consider will make a positive contribution to the performance of the Board.

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

Each of the non-executive Directors was appointed for a term of one year subject to retirement by rotation at the annual general meeting of the Company.

Corporate Governance Report

According to the code provision A.4.3 of the Corporate Governance Code under Appendix 14 of the Listing Rules, if an independent non-executive director has served more than 9 years, his appointment should be subject to a separate resolution to be approved by the shareholders. Mr. Wong Chi Keung was appointed as an independent non-executive Director of the Company on 26 February 2006 and has served more than 9 years. The Board, taking into account the fact that the Group has no financial, business, family nor other material relationship with Mr. Wong Chi Keung other than his directorship in the Company, considers that he is still independent and should be re-elected. A separate resolution will be proposed at the forthcoming annual general meeting for the re-election of Mr. Wong Chi Keung.

NUMBER OF MEETINGS AND DIRECTORS' ATTENDANCE

During the year ended 31 December 2015, four Board meetings were held and three sets of unanimous written resolutions of the Directors were made. Notice of regular Board meetings is given to all Directors at least 14 days before each meeting, and all Directors are given the opportunity to include matters in the agenda for discussion at the Board meetings. The agenda and meeting materials, including relevant background information and supporting analysis, are normally sent to all Directors at least three days before the regular Board meeting (and so far as practicable for such other Board meetings) to ensure that the Directors would have sufficient time and attention to the affairs of the Company. Their individual attendance of the four Board meetings was as follows:-

Mr. Wang Hung, Roger (4/4)
Mr. Wong Chi Keung (4/4)
Mr. Wang Yao (retired on 13 May 2015) (2/4)
Mr. Lay Danny J (4/4)
Mr. Wang Sung Yun, Eddie (elected on 13 May 2015) (2/4)

During the year ended 31 December 2015, three general meetings were held. The individual attendance of each of the Directors at the general meeting was as follows:-

Mr. Wang Hung, Roger (1/3)
Mr. Wong Chi Keung (3/3)
Mr. Wang Yao (retired on 13 May 2015) (1/3)
Mr. Lay Danny J (0/3)
Mr. Wang Sung Yun, Eddie (elected on 13 May 2015) (0/3)

PRACTICES AND CONDUCT OF MEETINGS OF THE BOARD AND BOARD COMMITTEES

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

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

Each Director is required to make disclosure of his interests or potential conflicts of interests, if any, in any proposed transactions or issues discussed by Directors at the Board and board committees' meetings. Any Director shall not vote on any resolution of the Board and board committees approving any contract or arrangement or any other proposal in which he (or his associates) is materially interested nor shall he be counted in the quorum present at the meeting.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all Directors, and the Directors have confirmed that they have complied with all relevant requirements as set out in the Model Code during the year ended 31 December 2015. The Company will from time to time reiterate and provide reminders to the Directors regarding the procedures, rules and requirements to be complied with by them in relation to Directors' dealings in securities.

ACCOUNTABILITY AND AUDIT AND AUDITOR'S REMUNERATION

The Directors acknowledge their responsibility for the preparation of the financial statements which give a true and fair presentation of the state of affairs of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015. This responsibility has also been mentioned in the Independent Auditor's Report on page 74 of this report.

In preparing the financial statements for the year ended 31 December 2015, the Board (a) adopted all applicable accounting and financial reporting standards, including but not limited to the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants; (b) selected suitable accounting policies and applied them consistently; (c) made prudent and reasonable judgements and estimates; and (d) ensured that the financial statements were prepared on a going concern basis.

The Directors are also responsible for ensuring timely publication of the Group's financial statements. The Company aims to present a clear, balanced and understandable assessment of the Group's performance and position through all its publications and communications to the public and is aware of the requirements under the applicable rules and regulations about timely disclosure of inside information. The annual results of the Group for the year ended 31 December 2015 and interim results of the Group for the six months ended 30 June 2015 were published within 3 months and 2 months respectively after the end of the relevant periods to provide stakeholders with transparent and timely financial information of the Group.

Corporate Governance Report

The statement by the auditors of the Company about their reporting responsibilities is set out on page 74 of this annual report. The auditors of the Company received approximately RMB2.38 million for the provision of audit services rendered during the year ended 31 December 2015 and no non-audit services had been rendered by the auditors of the Company during the period under review.

INTERNAL CONTROL AND THEIR EFFECTIVENESS

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

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

During the year ended 31 December 2015, the internal audit department had conducted reviews on the effectiveness of the internal control system covering all material factors related to financial, operational, compliance controls, various functions for risk management and physical and information security. Two semi-annual internal control reports containing its findings and results were reported to the Audit Committee during the Audit Committee meetings and had been delivered to all Directors for review.

The Audit Committee had reported during the Audit Committee meetings the key findings identified by the Company's external auditors in respect of the Group's internal controls and discussed findings and actions or measures taken in addressing those findings. The Company considers the internal control systems and risk management is effective during the year under review. No material issues on the Group's internal control system have been identified by the Group's internal audit department and the Company's external auditors during the year ended 31 December 2015 which required significant rectification works.

CONTINUOUS PROFESSIONAL DEVELOPMENT

The Directors have been informed of the requirement under the code provision A.6.5 of the CG Code regarding the continuous professional development. A summary of the trainings received by each of the Directors during the year ended 31 December 2015 is as follows:

	Reading	Attending training programs
Mr. Wang Hung, Roger	✓	✓
Mr. Wong Chi Keung	✓	✓
Mr. Wang Yao (retired on 13 May 2015)	✓	✓
Mr. Lay Danny J	✓	✓
Mr. Wang Sung Yun, Eddie (elected on 13 May 2015)	✓	✓

Corporate Governance Report

BOARD COMMITTEES

As at the date of this report, there were three board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee with specific terms of references to assist the Board in discharging its responsibilities.

Audit Committee

As at the date of this report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Wong Chi Keung, Mr. Lay Danny J and Mr. Wang Sung Yun, Eddie. The Audit Committee is chaired by Mr. Wong Chi Keung, who is a certified public accountant. The principal functions of the Audit Committee are to review and supervise the Group's financial reporting processes and internal control procedures.

During the year ended 31 December 2015, the Audit Committee reviewed the Group's interim and annual accounts and the effectiveness of internal control procedures. The Audit Committee had performed the following works:

(a) reviewed the financial reports for the six months ended 30 June 2015 and for the year ended 31 December 2015;

(b) reviewed the accounting principles and practices adopted by the Group and ensured the compliance with the relevant accounting standards, the Listing Rules and other statutory requirements;

(c) reviewed the effectiveness of the internal control and risk management system;

(d) reviewed the findings and recommendations of the internal control department and the Company's external auditor on the operations of the Group; and

(e) reviewed and recommended to the Board the audit scope and auditor's remuneration for the year ended 31 December 2015.

During the year ended 31 December 2015, two Audit Committee meetings were held. The individual attendance of its members is as follows:-

Mr. Wong Chi Keung (2/2), Mr. Wang Yao (retired on 13 May 2015) (1/2), Mr. Lay Danny J (2/2) and Mr. Wang Sung Yun, Eddie (elected on 13 May 2015) (1/2).

Remuneration Committee

As at the date of this report, the Remuneration Committee comprises an executive Director, Mr. Wang Hung, Roger; and two independent non-executive Directors, Mr. Wong Chi Keung and Mr. Lay Danny J. The Remuneration Committee is chaired by Mr. Lay Danny J.

Corporate Governance Report

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

During the year ended 31 December 2015, the Remuneration Committee had reviewed the Group's policy on the remuneration of all Directors and senior management and one Remuneration Committee meeting was held. The individual attendance of its members is as follows:-

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

Nomination Committee

As at the date of this report, the Nomination Committee comprises an executive Director, Mr. Wang Hung, Roger; and two independent non-executive Directors, Mr. Wong Chi Keung and Mr. Lay Danny J. The Nomination Committee is chaired by Mr. Wang Hung, Roger. Mr. Wang is also the chairman of the Board.

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

During the year ended 31 December 2015, no new Director had been appointed and no meeting was held by the Nomination Committee. The Nomination Committee will meet as and when required.

CORPORATE GOVERNANCE FUNCTION

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

COMPANY SECRETARY

The Company Secretary is Ms. Tai Ping, Patricia. Her biographical details are set out in the section headed "Directors and Management Profiles" of this report. The Company Secretary took no less than 15 hours of relevant professional training during the year ended 31 December 2015 as required by the Listing Rules.

Corporate Governance Report

COMMITMENT TO TRANSPARENCY

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

- the Company's annual general meeting
- analysts' briefings and press conferences following the announcements of interim and annual results
- timely update the websites of the Company and the Stock Exchange
- meeting with shareholders and the investing public
- prompt press releases and announcements regarding major corporate actions and business initiatives

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

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

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

The Company did not amend its Articles of Association during the year ended 31 December 2015.

Corporate Governance Report

SHAREHOLDERS' RIGHTS

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

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

Enquiries to the Board

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

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

Directors' Report

The Directors are pleased to present the 2015 annual report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015.

BUSINESS REVIEW

A review of the Group's business and the analysis using the financial key performance indicators are set out in the section headed "Management Discussion and Analysis" of this report. In summary, (i) against the backdrop of an economic slowdown, heightened financial risks, the impact of e-commerce, a growing trend of overseas travel by the nationals and the aging population of China, the retail business at brick-and-mortar stores was facing significant challenges of low growth and operating losses; (ii) to cope with such an adverse business environment, the Group accurately anticipated and capitalized on the country's retail industry development trend and pressed on with the development direction of retail chain store expansion, emphasizing on innovation, meeting the needs of consumers' daily life and enhancing their shopping experience; (iii) the Group continued to develop comprehensive lifestyle centers by enriching its merchandise mix, innovating the layout and combination of types of merchandise and amenities offer, enhancing its controllable merchandise resources through investment and cooperation with distinctive merchandise resources. The Group also emphasizes on the interactions between online and offline operations to provide a more comprehensive lifestyle experience and a multi-channel consumption and service platform to customers; (iv) GSP grew by 0.2% to approximately RMB16.3 billion while revenue grew by 2.9% to approximately RMB4.1 billion in 2015 while net profit for the year decreased by 4.5% to approximately RMB1.04 billion.

There are a number of risks and uncertainties facing the Group as follows: (i) the world's economy is expected to remain sluggish; and (ii) after thirty years of consistent, rapid growth, China's economic and social development has entered a new stage where growth has become moderate, service sector has gradually become predominant in the country's economy and mobile internet has brought revolutionary changes to a number of traditional industries, including retail industry.

In 2016, the Group will explore effective ways to operate its business and introduce unique and innovative types of functions and amenities into its floor area. It will (i) develop itself into a professional retailer which provides high quality innovative comprehensive services, prioritizing the development and sales of product categories with high growth potential and high growth margin; (ii) increase the controllable merchandise resources; (iii) continue to optimize the O2O (online to offline) business model that suits the Group's development; and (iv) endeavor to nurture core senior management talents, optimizing the management structure and improving the overall operational efficiency.

Sound relationships with key service vendors and suppliers of the Group are important which can increase cost effectiveness and foster long-term business benefits. The directors of the group companies are in general satisfied with the relationships with the vendors and suppliers.

The Group has implemented omni-channel marketing through various channels such as mobile phone applications to deliver real-time information and sales promotion to customers. We constantly endeavor to improve customer services and uplift customer shopping experience. The directors of the group companies are in general satisfied with the relationships with the customers.

Directors' Report

The Group recognizes the importance of having good working relationships with its employees. The Group has not experienced any significant problems with its staff nor any significant labour disputes or industrial actions. The directors of the group companies believe that the Group has good working relationship with its staff as a whole.

The Group is committed to contributing to the sustainability of the environment and maintaining a high standard of corporate social governance essential for creating a framework for motivating staff, and contributing to the community in which we conduct our businesses and creating a sustainable return to the Group. During the year ended 31 December 2015, the Group has donated a total of approximately RMB1,695,000 to charitable organizations.

The Group has also implemented an internal recycling program on a continuous basis for consumable goods such as toner cartridges, paper and plastic bags to minimize the operation impact on the environment and natural resources. The Group also implemented energy saving practices in offices, branch premises and its retail stores, including water, electricity and gas usages, where applicable.

The Group has complied in all material respects with all relevant laws and regulations that have a significant impact on the Group.

There are no important events affecting the Group that have occurred since the end of the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The Company is an investment holding 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 principal activities of the subsidiaries, associates and a joint venture of the Company are set out in notes 48, 23 and 24 respectively to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss on page 76.

The Directors now recommend the payment of a final dividend of RMB0.060 (2014: RMB0.151) per share to the shareholders appeared on the register of members of the Company on Wednesday, 1 June 2016. The final dividend (if approved) will be paid on or before Tuesday, 28 June 2016.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years ended 31 December 2015 is set out on page 9.

PROPERTY, PLANT AND EQUIPMENT, LAND USE RIGHTS AND INVESTMENT PROPERTY

Details of movements in property, plant and equipment, land use rights and investment property of the Group during the year are set out in notes 18, 19 and 20 respectively to the consolidated financial statements.

Directors' Report

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2015, pursuant to the general mandate given to the Directors of the Company, the Company repurchased an aggregate of 98,551,000 shares of its own ordinary share capital through The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate consideration of approximately HKD985.6 million (equivalent to approximately RMB787.6 million).

The repurchases were effected by the Directors for the enhancement of shareholders' value. All the repurchased shares were cancelled upon repurchase.

Details of the share repurchase and other movements in the share capital of the Company during the year are set out in note 36 to the consolidated financial statements.

Save as disclosed above, during the year, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

DISTRIBUTABLE RESERVES

As at 31 December 2015, the Company's reserves available for distribution to shareholders amounted to approximately RMB105.5 million (2014: RMB446.9 million).

DIRECTORS

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

Executive Director

Mr. Wang Hung, Roger (Chairman)

Independent non-executive Directors

Mr. Wong Chi Keung
Mr. Wang Yao (retired on 13 May 2015)
Mr. Lay Danny J
Mr. Wang Sung Yun, Eddie (elected on 13 May 2015)

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

According to Article 87 of the Articles of Association of the Company, Mr. Wong Chi Keung and Mr. Lay Danny J will retire by rotation and, being eligible, will offer themselves for re-election.

Directors' Report

According to the code provision A.4.3 of the Corporate Governance Code under Appendix 14 of the Listing Rules, if an independent non-executive director has served more than 9 years, his appointment should be subject to a separate resolution to be approved by the shareholders. Mr. Wong Chi Keung was appointed as an independent non-executive Director of the Company on 26 February 2006 and has served more than 9 years. Mr. Wong Chi Keung will retire, and offer himself for re-election, at the forthcoming annual general meeting. The reasons why the Board still considers Mr. Wong to be independent are set out in the Corporate Governance Report.

DIRECTORS' SERVICE CONTRACTS

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

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

As at 31 December 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 Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange were as follows:

Long position in ordinary shares of HKD0.10 each of the Company ("Shares")

Name of Director/Chief Executive	Personal interest	Corporate interests	Total interests	Total interests as percentage of the issued share capital
Mr. Wang Hung, Roger ("Mr. Wang")	4,000,000	1,246,591,412 (Note)	1,250,591,412	74.10%
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 31 December 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.

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

As at 31 December 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 (Note)	Interest in controlled corporation	1,246,591,412	73.86%
Golden Eagle International Retail Group Limited (Note)	Beneficial owner	1,246,591,412	73.86%

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 31 December 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 Company's board of Directors (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 HKD1.00 for each lot of share options granted for the primary purpose of providing incentives to directors and eligible employees, consultants and advisors. The Scheme remained effective for a period of ten years commencing from 26 February 2006 and has expired on 25 February 2016. The terms of the Scheme will remain effective on those options which are outstanding but not yet lapsed, forfeited or exercised.

During the year ended 31 December 2015, 221,000 share options were exercised and 1,048,000 share options were forfeited. Details of the Scheme are set out in note 38 to the consolidated financial statements. No new option was granted during the year.

As at 31 December 2015, there were a total of 17,590,000 Shares available for issue pursuant to options that were granted under the Scheme, representing approximately 1.1 per cent of the entire issued share capital of the Company as at the date of this report.

Directors' Report

Movements of the Company's share options during the year and outstanding as at 31 December 2015 were as follows:

	Number of share options									
	Outstanding at 1 January 2015	Reclassification	Exercised during the year	Forfeited during the year	Outstanding at 31 December 2015	Date of Grant	Exercise period (Note1)	Exercise price	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)
								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	(106,000)	(148,000)	12,495,000	5 December 2008	5 December 2010 to 4 December 2018	4.20	4.19	10.32
	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
	18,859,000	–	(221,000)	(1,048,000)	17,590,000					
Exercisable at 31 December 2015					11,309,000					

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 year was the Company, its controlling shareholders, holding companies, or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

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

Directors' Report

DIRECTORS' INDEMNITY

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

The Company has taken out appropriate insurance cover in respect of legal action against the Directors during the year ended 31 December 2015.

ANNUAL REVIEW OF CONTINUING CONNECTED TRANSACTIONS

Lease of office premise from Golden Eagle International Group by Nanjing Xinjiekou Store

On 19 December 2013, a lease agreement (the "Xinjiekou Tenancy Agreement") in respect of the lease of the entire 8th floor of Golden Eagle International Plaza with a gross floor area of approximately 5,420 square meters ("Xinjiekou Office Premises") was entered into between 金鷹國際商貿集團(中國)有限公司 (Golden Eagle International Retail Group (China) Co., Ltd.* ("Golden Eagle (China)"), or where the context so requires, the department store operated by such company ("Nanjing Xinjiekou Store") and 南京金鷹國際集團有限公司 (Nanjing Golden Eagle International Group Co., Ltd.*) ("Golden Eagle International Group") for a term of 3 years commencing from 1 January 2014. Golden Eagle International Group is a connected person (as defined in the Listing Rules) of the Company as it is a company ultimately and wholly-owned by Mr. Wang. The entering into of this agreement enables the Group to secure tenancy of office premises which are in close proximity to Nanjing Xinjiekou Store, the flagship store of the Group.

Under the Xinjiekou Tenancy Agreement, the rental payable by Golden Eagle (China) shall be RMB3.8 per square meter per day and was arrived at after arm's length negotiations between the parties and with reference to the prevailing market rate. The rental expenses paid by the Group for the year ended 31 December 2015 amounted to RMB7,518,000.

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

On 28 August 2007, 南京金鷹珠江路購物中心有限公司 (formally known as 南京金鷹天地購物中心有限公司) (Nanjing Golden Eagle Zhujiang Road Shopping Centre Co., Ltd.*, or where the context so requires, the department store operated by such company ("Nanjing Zhujiang Store")) entered into a tenancy agreement in respect of the lease of 1st to 5th floors of Zhujiang No.1 Plaza (the "Zhujiang Tenancy Agreement") with 南京珠江壹號實業有限公司 (Nanjing Zhujiang No. 1 Industry Co., Ltd.*) ("Nanjing Zhujiang No.1"). Nanjing Zhujiang No. 1 is a connected person (as defined in the Listing Rules) of the Company as it is a company ultimately and wholly-owned by Mr. Wang, for a term of 20 years commencing from 28 December 2007. The aforesaid parties have entered into a supplemental agreement (the "First Supplemental Agreement") on 4 June 2008 amending the area of the property to be leased from approximately 22,780 square meters to approximately 24,545 square meters in order to provide additional area for department store operation (the "Nanjing Zhujiang Properties").

* *For identification purpose only*

On 29 December 2008, the aforesaid parties entered into a second supplemental agreement (the "Second Supplemental Agreement"), pursuant to which Nanjing Zhujiang No. 1 shall lease to Nanjing Zhujiang Store units B1F-B2F of the south wing (collectively the "South Additional Units") and units 2F-4F of the north wing of Zhujiang No.1 Plaza (collectively the "North Additional Units") for a period between the date on which the South Additional Units and North Additional Units (collectively the "Additional Nanjing Zhujiang Properties") commence operation to 27 December 2027. The South Additional Units commenced operations in phases at around February 2009 and the North Additional Units commenced operations on 16 May 2009.

The annual consideration for the lease shall be equivalent to 5% of the gross sales proceeds derived from the operations of Nanjing Zhujiang Store less relevant value-added tax, subject to the use of the minimum guaranteed gross sales proceeds of the sub-lessees of the South Additional Units (if any) in the calculation of consideration if the gross sales proceeds derived from the relevant area are lower than the minimum guaranteed gross sales proceeds.

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

(a) Nanjing Zhujiang No. 1 agrees to lease basement floor 1 to 1st floor of north wing of Zhujiang No. 1 Plaza with an aggregate gross floor area of approximately 2,755 square meters (the "Further Additional Nanjing Zhujiang Properties") to Nanjing Zhujiang Store from the date on which the Third Supplemental Agreement becomes effective to 27 December 2027;

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

(i) with respect to those concessionaries:

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

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

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

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

50% of the rental proceeds derived from sub-letting the units in Nanjing Zhujiang Properties, the Additional Nanjing Zhujiang Properties and the Further Additional Nanjing Zhujiang Properties (less business tax and other relevant taxes);

(iii) with respect to supermarket operations:

4% of the gross sale proceeds derived from the operation of supermarket.

The entering into of the Zhujiang Tenancy Agreement, the First Supplemental Agreement, the Second Supplemental Agreement and the Third Supplemental Agreement (collectively referred to as the "Amended Zhujiang Tenancy Agreement") allows the Group to secure tenancy for a department store which is located at a prime location in Nanjing.

The adjusted rental was arrived at after arm's length negotiations taking into account the long-term development of the Group. The rental expenses paid by the Group under the Amended Zhujiang Tenancy Agreement for the year ended 31 December 2015 amounted to RMB20,395,000.

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

On 29 December 2008, 上海金鷹國際購物中心有限公司 (Shanghai Golden Eagle International Shopping Centre Co., Ltd.*, or where the context so requires, the department store operated by such company ("Shanghai Store")) entered into a tenancy agreement (the "Shanghai Tenancy Agreement") in respect of the lease of the entire 1st to 5th floors, a portion of the 6th floor and the relevant accessory room of Golden Eagle Shopping Plaza (the "Shanghai Properties") with 上海金鷹天地實業有限公司 (Shanghai Golden Eagle Tiandi Industry Limited*) ("Shanghai Golden Eagle Tiandi"), a connected person (as defined in the Listing Rules) of the Company as it is a company ultimately and wholly-owned by Mr. Wang for a term of 20 years commencing from 28 May 2009. The purpose of entering into the Shanghai Tenancy Agreement is to use the Shanghai Properties, which are located at a prime location in Shanghai, for the Group to commence its department store operations in Shanghai. The Shanghai Store is a platform for the Group to cooperate with international brands.

On 19 December 2013, Shanghai Store entered into a supplemental agreement to the Shanghai Tenancy Agreement with Shanghai Golden Eagle Tiandi, pursuant to which Shanghai Store and Shanghai Golden Eagle Tiandi agreed that the rental payable by Shanghai Store to Shanghai Golden Eagle Tiandi would be amended as:

(a) the rental payable by Shanghai Store for the period from 1 January 2013 to 31 December 2013 would be adjusted to 2.5% of the gross sales proceeds derived from the operation of Shanghai Store less the relevant value-added tax; and

* *For identification purpose only*

(b) save for the period as referred to in paragraph (a) above:

(i) for those concessionaries which the Group charges 10% or more commission rate on their concessionaries sales, the rental payable by Shanghai Store would remain at 5% of the gross sales proceeds derived from the operation of Shanghai Store less the relevant value-added tax;

(ii) for those concessionaries which the Group charges less than 10% commission rate on their concessionaries sales, the amount to be calculated in accordance with the following formula:

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

(c) 50% of the proceeds derived from sub-letting the units in Shanghai Properties (less property tax, business tax and other relevant taxes).

On 18 March 2015, the aforesaid parties entered into the second supplemental agreement, pursuant to which the parties agree that, during the period of internal renovation of Shanghai Store (subject to adjustment as may be agreed between the parties), the annual rentals payable by Shanghai Store to Shanghai Golden Eagle Tiandi under the Shanghai Tenancy Agreement (as amended and supplemented) shall be adjusted and shall be equivalent to the aggregate of:

(a) with respect to those concessionaires which the Group charges commission (at whatever percentage) on their concessionaires sales, 2.5% of the gross sales proceeds derived from the operation of Shanghai Store less the relevant value-added tax; and

(b) with respect to sub-letting of units, 50% of the rental proceeds derived from sub-letting the units in Shanghai Store (less business tax and other relevant taxes).

The annual rentals payable by Shanghai Store to Shanghai Golden Eagle Tiandi under the Shanghai Tenancy Agreement (as amended and supplemented) from the date on which the internal renovation work is completed, which is expected to be in mid-2016 (subject to adjustment as may be agreed between the parties), onwards shall be equivalent to the aggregate of:

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

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

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

(c) 50% of the rental proceeds derived from sub-letting the units in Shanghai Properties (less business tax and other relevant taxes).

The adjusted rental for the period between 1 January 2014 to mid-2016 (subject to adjustments as may be agreed between the parties) was arrived at after arm's length negotiations taking into account the impact on the operation of the Group due to the internal renovation. The adjusted rental effective from the date on which the internal renovation work is completed was arrived at after arm's length negotiations taking into account the long-term development of the Group. The rental expenses paid by the Group under the Shanghai Tenancy Agreement for the year ended 31 December 2015 amounted to RMB1,704,000.

Lease of property and ancillary facilities for department store operation from Golden Eagle International Group by Nanjing Golden Eagle Retail

On 3 June 2009, Golden Eagle (China) entered into a tenancy agreement (the "Hanzhong Plaza Tenancy Agreement") in respect of the lease of a 5-storey shopping plaza with an underground accessory room (the "Hanzhong Plaza") with 南京金紀業投資管理有限公司 (Nanjing Jinjiye Investment Management Co., Ltd.*), ("Nanjing Jinjiye") for a term of 10 years in order to facilitate the Group to expand its business operations and increase its market share in Nanjing.

The annual consideration for the lease of Hanzhong Plaza shall be equivalent to the aggregate of (a) 5% of the annual gross sales proceeds derived from the operations of Hanzhong Plaza less relevant value-added tax for the portion of annual gross sales proceeds not exceeding RMB160,000,000; (b) 4% of the annual gross sales proceeds derived from the operations of Hanzhong Plaza less relevant value-added tax for the portion of annual gross sales proceeds exceeding RMB160,000,000; and (c) 25% of the proceeds derived from sub-letting the units in Hanzhong Plaza less property tax, business tax and other relevant taxes. The minimum guaranteed rental payable under the Hanzhong Plaza Tenancy Agreement was RMB6,100,000 per calendar year. The consideration for the lease of Ancillary Facilities (as defined in the circular dated 4 June 2015) was RMB1,900,000 per calendar year.

* *For identification purpose only*

Subsequently, (i) pursuant to a supplemental agreement dated 13 July 2009 entered into between Nanjing Jinjiye, Golden Eagle (China) and 南京金鷹商貿特惠中心有限公司 (Nanjing Golden Eagle Retail Outlet Co., Ltd.*) ("Nanjing Golden Eagle Retail"), Golden Eagle (China) subsequently transferred all its rights and obligations under the Hanzhong Plaza Tenancy Agreement and the Facilities Leasing Agreement (as defined in the circular dated 4 June 2015) to Nanjing Golden Eagle Retail and (ii) Nanjing Jinjiye was merged into Golden Eagle International Group after a series of group reorganisation and Golden Eagle International Group has assumed all the rights and obligations of Nanjing Jinjiye under the Hanzhong Plaza Tenancy Agreement and the Facilities Leasing Agreement.

On 19 December 2013, Nanjing Golden Eagle Retail entered into the second supplemental agreement to the Hanzhong Plaza Tenancy Agreement and the Facilities Leasing Agreement with Golden Eagle International Group, pursuant to which (a) the minimum guaranteed rental for the lease of Hanzhong Plaza and the rental for the lease of the Ancillary Facilities were abolished with effect from 1 January 2013; (b) the annual rental payable by Nanjing Golden Eagle Retail to Golden Eagle International Group for the lease of Hanzhong Plaza would be calculated solely based on the percentage of the annual gross sales proceeds and the proceeds derived from sub-letting of units in the Hanzhong Plaza; and (c) the rental as referred to in paragraph (b) would also be deemed as part of the rental for the lease of the Ancillary Facilities under the Facilities Leasing Agreement. Subject to the aforesaid, all other major terms remain unchanged and in full force and effect.

On 18 March 2015, Nanjing Golden Eagle Retail and Golden Eagle International Group entered into the third supplemental agreement to Hanzhong Plaza Tenancy Agreement, pursuant to which the parties agree that, with retrospective effect, the annual rentals payable by Nanjing Golden Eagle Retail to Golden Eagle International Group under the Hanzhong Plaza Tenancy Agreement (as amended and supplemented) and the Facilities Leasing Agreement (as amended and supplemented) from 1 January 2015 onwards shall be adjusted and shall be equivalent to the aggregate of:

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

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

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

* *For identification purpose only*

(c) 50% of the rental proceeds derived from sub-letting the units in Hanzhong Plaza (less business tax and other relevant taxes).

The rental above would also be deemed be the rental for the lease of Ancillary Facilities under the Facilities Leasing Agreement and therefore, in substance, Nanjing Golden Eagle Retail was not required to pay any rental for the lease of the Ancillary Facilities.

The adjusted rental was arrived at after arm's length negotiations taking into account the long-term development of the Group. In light of the said third supplemental agreement, the rental expenses paid by the Group under the Hanzhong Plaza Tenancy Agreement for the year ended 31 December 2015 in the sum of RMB9,722,000 included the rental expenses for the lease of the Ancillary Facilities.

Lease of property for department store operation from Xianlin Golden Eagle Properties by Xianlin Store

On 9 November 2009, 南京仙林金鷹購物中心有限公司 (Nanjing Xianlin Golden Eagle Shopping Centre Co., Ltd.* or where the context so requires, the department store operated by such company ("Nanjing Xianlin Store")) entered into a tenancy agreement in respect of the lease of 1st to 5th floors of Block 1 of Xianlin Golden Eagle Tiandi (the "Xianlin Tenancy Agreement") with 南京仙林金鷹置業有限公司 (Nanjing Xianlin Golden Eagle Properties Co., Ltd.*) ("Xianlin Golden Eagle Properties"), a connected person (as defined in the Listing Rules) of the Company as it is a company ultimately and wholly-owned by Mr. Wang, for a term of 20 years commencing from 18 December 2009.

On 10 November 2010, the aforesaid parties entered into another lease agreement (the "Xianlin Additional Tenancy Agreement") in respect of the lease of 1st and 2nd floors of Blocks 3 and 5 and the 1st floor of Blocks 4 and 5 of Xianlin Golden Eagle Tiandi (the "Xianlin Additional Retail Area"), pursuant to which Xianlin Golden Eagle Properties shall lease to Nanjing Xianlin Store the Xianlin Additional Retail Area for a period between the date on which the Xianlin Additional Retail Area commences operation to 17 December 2029.

On 20 January 2012, the aforesaid parties entered into (a) a supplemental agreement to the Xianlin Tenancy Agreement (the "Xianlin Supplemental Agreement") to amend certain terms of the Xianlin Tenancy Agreement and (b) a supplemental agreement to the Xianlin Additional Tenancy Agreement (the "Xianlin Additional Supplemental Agreement") (i) to amend certain terms of the Xianlin Additional Tenancy Agreement and (ii) to lease 1st floor of Block 2, 1st and 2nd floors of Block 5 and the 1st floor of Block 6 of Xianlin Golden Eagle Tiandi (the "Xianlin Further Additional Retail Area"). The amended terms on rental payable under the supplemental agreements shall be effective from 1 July 2011 while the terms in respect of the lease of the Xianlin Further Additional Retail Area commences from the date of delivery of the said area to 17 December 2029. The entering into of the Xianlin Tenancy Agreement, the Xianlin Supplemental Agreement, the Xianlin Additional Tenancy Agreement and the Xianlin Additional Supplemental Agreement (collectively referred to as the "Total Xianlin Tenancy Agreement") allow the Group to increase its presence and market share in Nanjing.

On 19 December 2013, the aforesaid parties entered into the second supplemental agreement, pursuant to which the minimum guaranteed rental under the Total Xianlin Tenancy Agreement in the aggregate sum of RMB9,500,000 per calendar year was abolished with effect from 1 January 2013.

* *For identification purpose only*

Directors' Report

Pursuant to the Total Xianlin Tenancy Agreement (as amended and supplemented), the annual consideration for the leases shall be equivalent to the aggregate of:

(i) for those concessionaires which the Group charges 10% or more commission rate on their concessionaire sales, 5% of the annual gross sales proceeds derived from the operations of those concessionaires less relevant value-added tax;

(ii) for those concessionaires which the Group charges less than 10% commission rate on their concessionaire sales, 50% of the gross sale proceeds derived from the operations of those concessionaires (less relevant value-added tax) multiplied by the commission rate charged by the Group; and

(iii) 50% of the proceeds derived from sub-letting the units in Nanjing Xianlin Store less property tax, business tax and other relevant taxes.

On 18 March 2015, the aforesaid parties entered into the third supplemental agreement, pursuant to which the parties agree that, with retrospective effect, the annual rentals payable by Nanjing Xianlin Store to Xianlin Golden Eagle Properties under the Total Xianlin Tenancy Agreement (as amended and supplemented from 1 January 2015 onwards) shall be adjusted and shall be equivalent to the aggregate of:

(a) with respect to those concessionaries:

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

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

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

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

50% of the rental proceeds derived from sub-letting the units in Xianlin Store (less business tax and other relevant taxes);

(c) with respect to supermarket operations:

4% of the gross sales proceeds derived from the operation of supermarket

Directors' Report

The adjusted rental was arrived at after arm's length negotiations taking into account the long-term development of the Group. The rental expenses paid by the Group under the Total Xianlin Tenancy Agreement (as amended and supplemented) for the year ended 31 December 2015 amounted to RMB27,112,000.

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

On 20 January 2012, 鹽城金鷹國際購物中心有限公司 (Yancheng Golden Eagle International Shopping Centre Co., Ltd.* or where the context so requires, the department store operated by such company ("Yancheng Outlet Store")) entered into a tenancy agreement in respect of the lease of Blocks D, E, F, G, H and M of Golden Eagle Longhu No. 1 with an aggregate gross floor area of approximately 18,376.65 square meters (the "Yancheng Outlet Tenancy Agreement") with 鹽城金國聯置業有限公司 (Yancheng Jinguolian Properties Co., Ltd.*) ("Yancheng Jinguolian Properties"), a connected person (as defined in the Listing Rules) of the Company as it is a company ultimately and wholly-owned by Mr. Wang, for a term of 10 years commencing from 18 May 2012. The purpose of entering into the Yancheng Outlet Tenancy Agreement is to facilitate the Group to further enhance its presence, market share and competitiveness in Yancheng in which the Group is already enjoying a leading position.

On 19 December 2013, the aforesaid parties entered into a supplemental agreement, pursuant to which the minimum guaranteed rental of RMB2,000,000 per calendar year was abolished with effect from 1 January 2013.

Pursuant to the Yancheng Outlet Tenancy Agreement (as amended and supplemented), the annual consideration for the lease shall be equivalent to the aggregate of:

(i) during the first three years commencing from the soft opening date (aa) for those concessionaires which the Group charges 6% or more commission rate on their concessionaire sales, 3% of the annual gross sales proceeds derived from the operation of those concessionaire (less the relevant value-added tax) and (bb) for those concessionaires which the Group charges less than 6% commission rate on their concessionaire sales, the amount to be calculated in accordance with the following formula:

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

(ii) from the date falling the fourth anniversary of the soft opening date (aa) for those concessionaires which the Group charges 10% or more commission rate on their concessionaire sales, 5% of the annual gross sales proceeds derived from the operation of those concessionaire (less the relevant value-added tax) and (bb) for those concessionaires which the Group charges less than 10% commission rate on their concessionaire sales, the amount to be calculated in accordance with the following formula:

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

* *For identification purpose only*

(iii) 50% of the proceeds derived from sub-letting the units in Yancheng Outlet Store (less property tax, business tax and other relevant taxes), provided that the aggregate gross floor area of the units to be subleased shall not exceed 10% of the aggregate gross floor area of Yancheng Golden Eagle Outlet (as defined in the circular dated 4 June 2015).

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

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

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

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

(c) 50% of the rental proceeds derived from sub-letting the units in Yancheng Outlet Store (less business tax and other relevant taxes).

The adjusted rental was arrived at arm's length negotiations taking into account the long-term development of the Group. The rental expenses paid by the Group under the Yancheng Outlet Tenancy Agreement for the year ended 31 December 2015 amounted to RMB4,767,000.

Lease of property for department store operation from Golden Eagle International Group by Golden Eagle (China)

On 16 April 2014, Golden Eagle (China) entered into a tenancy agreement (the "Xinjiekou Block B Tenancy Agreement") in respect of the lease of basement 1st floor, 7th – 9th floor of Golden Eagle Phase 3 together with the ancillary facilities (the "Xinjiekou Store Block B Property Leased Area") with Golden Eagle International Group for a term of 20 years commencing from 26 April 2014. The purpose of entering into the Xinjiekou Block B Tenancy Agreement is to enlarge the operating area of Nanjing Xinjiekou Store to further enhance the Group's presence, market share and competitiveness in Nanjing in which the Group is already enjoying a leading position.

The annual consideration for the lease of Xinjiekou Store Block B Property Leased Area shall be equivalent to the aggregate of:

(a) with respect to those concessionaries:

(i) for those concessionaires which the Group charges 10% or more commission rate on their concessionaire sales, 5% of the annual gross sale proceeds derived from the operation of those concessionaires (less the relevant value-added tax);

(ii) for those concessionaires which the Group charges less than 10% commission rate on their concessionaire sales, the amount to be calculated in accordance with the following formula:

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

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

50% of the proceeds derived from sub-letting the units in Xinjiekou Store Block B Property Leased Area (less property tax, business tax and other relevant taxes);

(c) with respect to supermarket operations:

(i) 3% of the gross sale proceeds derived from the operation of supermarket during the first three years commencing from 26 April 2014;

(ii) 4% of the gross sale proceeds derived from the operation of supermarket commencing from 26 April 2017 onwards.

On 18 March 2015, Golden Eagle (China) and Golden Eagle International Group entered into the supplemental agreement to Xinjiekou Block B Tenancy Agreement pursuant to which the parties agree that, with retrospective effect, the annual rentals payable by Golden Eagle (China) to Golden Eagle International Group under the Xinjiekou Block B Tenancy Agreement (as amended and supplemented) from 1 January 2015 onwards shall be adjusted and shall be equivalent to the aggregate of:

(a) with respect to those concessionaries:

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

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

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

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

50% of the rental proceeds derived from sub-letting the units in Xinjiekou Store Block B Property Leased Area (less business tax and other relevant taxes);

(c) with respect to supermarket operations:

(i) 3% of the gross sales proceeds derived from the operation of supermarket during the first three years commencing from 26 April 2014;

(ii) 4% of the gross sales proceeds derived from the operation of supermarket commencing from 26 April 2017 onwards.

The adjusted rental was arrived at arm's length negotiations taking into account the long-term development of the Group. The rental expenses paid by the Group to Golden Eagle International Group under the Xinjiekou Block B Tenancy Agreement for the year ended 31 December 2015 amounted to RMB22,225,000.

Lease of property for department store operation from Yancheng Jinguolian Properties by Yancheng Julonghu Store

On 18 March 2015, 鹽城金鷹聚龍湖購物中心有限公司 (Yancheng Golden Eagle Julonghu Shopping Centre Co., Ltd.* or where the context so requires, the department store operated by such company ("Yancheng Julonghu Store")) entered into a tenancy agreement in respect of the lease of (i) basement 2nd floor to 7th floor, Block 5, Yancheng Tiandi Plaza and (ii) basement 1st floor to 3rd floor, Block 6, Yancheng Tiandi Plaza with an aggregate gross floor area of approximately 110,484 square meters (the "Yancheng Julonghu Tenancy Agreement") with Yancheng Jinguolian Properties for a term of 20 years commencing from 6 September 2014. The purpose of entering into the Yancheng Julonghu Tenancy Agreement is to further solidify the Group's presence, market share and competitiveness in Yancheng in which the Group is already enjoying a leading position.

Directors' Report

The rental payable by Yancheng Julonghu Store to Yancheng Jinguolian Properties under the Yancheng Julonghu Tenancy Agreement shall be as follows:

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

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

(i) with respect to those concessionaries:

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

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

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

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

50% of the rental proceeds derived from sub-letting the units in Yancheng Julonghu Store (less business tax and other relevant taxes);

(iii) with respect to supermarket operations:

(aa) 3% of the gross sales proceeds derived from the operation of supermarket from 1 May 2015 to 30 September 2017;

(bb) 4% of the gross sales proceeds derived from the operation of supermarket commencing from 1 October 2017 onwards.

The consideration was arrived at after arm's length negotiations taking into account that the property will be delivered to the Group at roughcast state and with reference to the prevailing market rate. The rental expenses paid by the Group to Yancheng Jinguolian Properties under the Yancheng Julonghu Tenancy Agreement for the year ended 31 December 2015 amounted to RMB11,894,000.

* *For identification purpose only*

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

On 18 March 2015, 丹陽金鷹國際購物中心有限公司 (Danyang Golden Eagle International Shopping Centre Co., Ltd.* or where the context so requires, the department store operated by such company ("Danyang Store")) entered into a tenancy agreement in respect of the lease of all parts of 1st – 8th floors and a portion of basement 1, North Zone, Block 16 of Danyang Tiandi Plaza with gross floor area of approximately 52,976.24 square meters and the ancillary facilities (the "Danyang Tenancy Agreement") with 丹陽金鷹天地實業有限公司 (Danyang Golden Eagle Tiandi Industry Co., Ltd.*) ("Danyang Golden Eagle Tiandi"), a connected person (as defined in the Listing Rules) of the Company as it is a company ultimately and wholly-owned by Mr. Wang, for a term of 20 years commencing from 1 January 2015. The purpose of entering into the Danyang Tenancy Agreement is to further solidify the Group's presence, market share and competitiveness in Jiangsu in which the Group is already enjoying a leading position.

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

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

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

(i) with respect to those concessionaries:

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

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

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

* *For identification purpose only*

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

50% of the rental proceeds derived from sub-letting the units in Danyang Store (less business tax and other relevant taxes);

(iii) with respect to supermarket operations:

(aa) 3% of the gross sales proceeds derived from the operation of supermarket from 1 May 2015 to 31 December 2017;

(bb) 4% of the gross sales proceeds derived from the operation of supermarket commencing from 1 January 2018 onwards.

The consideration was arrived at after arm's length negotiations taking into account that the property will be delivered to the Group at roughcast state and with reference to the prevailing market rate. The rental expenses paid by the Group to Danyang Golden Eagle Tiandi under the Danyang Tenancy Agreement for the year ended 31 December 2015 amounted to RMB4,903,000.

Lease of property for department store operation from Nanjing Jiangning Technology by Nanjing Jiangning Store

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

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

(a) with respect to those concessionaries:

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

* *For identification purpose only*

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

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

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

50% of the rental proceeds derived from sub-letting the units in Nanjing Jiangning Store (less business tax and other relevant taxes);

(c) with respect to supermarket operations:

(i) 3% of the gross sales proceeds derived from the operation of supermarket during the first three years commencing from 3 July 2015;

(ii) 4% of the gross sales proceeds derived from the operation of supermarket commencing from 3 July 2018 onwards.

The consideration was arrived at after arm's length negotiations taking into account that the property will be delivered to the Group at renovated state and with reference to the prevailing market rate. The rental expenses paid by the Group to Nanjing Jiangning Technology under the Jiangning Tenancy Agreement for the year ended 31 December 2015 amounted to RMB10,491,000.

Lease of property for department store operation from Ma'anshan Golden Eagle Tiandi by Ma'anshan Store

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

Directors' Report

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

(a) with respect to those concessionaries:

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

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

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

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

50% of the rental proceeds derived from sub-letting the units in Ma'anshan Store (less business tax and other relevant taxes);

(c) with respect to supermarket operations:

(i) 3% of the gross sales proceeds derived from the operation of supermarket during the first three years commencing from 29 August 2015;

(ii) 4% of the gross sales proceeds derived from the operation of supermarket commencing from 29 August 2018 onwards.

The consideration was arrived at after arm's length negotiations taking into account that the property will be delivered to the Group at renovated state and with reference to the prevailing market rate. The rental expenses paid by the Group to Ma'anshan Golden Eagle Tiandi under the Ma'anshan Tenancy Agreement for the year ended 31 December 2015 amounted to RMB6,648,000.

* *For identification purpose only*

Directors' Report

Cooperation Agreement on Property Lease (Offices)

On 18 March 2015, 金鷹國際貿易有限公司 (Golden Eagle International Trading Limited) ("Golden Eagle Trading") entered into a cooperation agreement on property leases in respect of various office premises owned by Golden Eagle International Group or its subsidiaries located in various parts of the PRC (the "Cooperation Agreement on Property Lease (Offices)") with Golden Eagle International Group. The term of those leases will not go beyond 31 December 2017. The purpose of entering into the Cooperation Agreement on Property Lease (Offices) is to establish a framework for the Group to lease and use various office premises owned by Golden Eagle International Group or its subsidiaries from time to time and will facilitate the Group to arrange lease arrangements in a flexible manner.

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

The consideration was arrived at after arm's length negotiations and with reference to the prevailing market rate. The rental expenses paid by the Group to Golden Eagle International Group and its subsidiaries under the Cooperation Agreement on Property Lease (Offices) for the year ended 31 December 2015 amounted to RMB1,361,000.

Cooperation Agreement on Property Lease (Warehouses)

On 18 March 2015, Golden Eagle Trading entered into a cooperation agreement on property leases in respect of various warehouses owned by 南京金僑實業有限公司 (Nanjing Jinqiao Industry Co. Ltd.*) ("Nanjing Jinqiao"), that are located in Nanjing (the "Cooperation Agreement on Property Lease (Warehouses)") with Nanjing Jinqiao a connected person (as defined in the Listing Rules) of the Company as it is a company ultimately and wholly-owned by Mr. Wang. The term of those leases will not go beyond 31 December 2017. The purpose of entering into the Cooperation Agreement on Property Lease (Warehouses) is to establish a framework for the Group to lease and use various warehouse premises owned by Nanjing Jinqiao in Nanjing from time to time and will facilitate the Group to arrange lease arrangements in a flexible manner.

Nanjing Jinqiao agrees to lease the warehouses owned by it to Golden Eagle Trading or its investment companies at a reasonable discount of the market rate of the relevant warehouses which shall be payable by the lessee to Nanjing Jinqiao in accordance with the relevant detailed implementation agreement. The exact amount of discount will be negotiated in good faith between the parties with reference to the market rate at the material time.

* *For identification purpose only*

The consideration was arrived at after arm's length negotiations and with reference to the prevailing market rate. The rental expenses paid by the Group to Nanjing Jinqiao under the Cooperation Agreement on Property Lease (Warehouses) for the year ended 31 December 2015 amounted to RMB176,000.

Kunming Carpark Leasing Agreement

On 18 March 2015, 雲南尚美投資管理有限公司 (Yunnan Shangmei Investment Management Co., Ltd*) ("Yunnan Shangmei") and 昆明金鷹物業服務有限公司 (Kunming Golden Eagle Property Management Co., Ltd*) ("Kunming Property Management"), a connected person (as defined in the Listing Rules) of the Company as it is a company ultimately and wholly-owned by Mr. Wang, entered into a car parking leasing agreement (the "Kunming Carpark Leasing Agreement") in respect of the lease of the carpark located at basements 1 and 2 of Kunming Golden Eagle Tiandi Shopping Plaza with a gross floor area of approximately 13,669.86 square meters ("Kunming Golden Eagle Carpark") for a term of 3 years commencing from 1 January 2015. The rental payable to Yunnan Shangmei for the lease of Kunming Golden Eagle Carpark shall be equivalent to 92% of the revenue (after business taxes and other relevant taxes) received by Kunming Property Management. The entering into of the Kunming Carpark Leasing Agreement enables the Group to save the time and resources in managing Kunming Golden Eagle Carpark, which is not the core business of the Group and helps the Group to focus on the development and operation of department store chain in the PRC.

The consideration was arrived at after arm's length negotiations and with reference to the prevailing market rate. The rental income received from Kunming Property Management by the Group under the Kunming Carpark Leasing Agreement for the year ended 31 December 2015 amounted to RMB2,203,000.

Property Management Services Agreements

On 19 December 2013, Golden Eagle (China) and 南京金鷹物業資產管理有限公司 (Nanjing Golden Eagle Properties Asset Management Co., Ltd.*) ("Nanjing Golden Eagle Properties"), Nanjing Zhujiang Store and Nanjing Zhujiang No. 1, 泰州金鷹商貿有限公司 (Taizhou Golden Eagle Retail Co., Ltd. * or where the context so requires, the department store operated by such company ("Taizhou Store")) and 泰州金鷹天地投資管理有限公司 (Taizhou Golden Eagle Tiandi Investment Management Co., Ltd.*) ("Taizhou Golden Eagle Tiandi"), Nanjing Xianlin Store and Xianlin Golden Eagle Properties have entered into the master property management services agreement, pursuant to which:

- Golden Eagle (China) agreed to engage Nanjing Golden Eagle Properties to provide property management services to Nanjing Xinjiekou Store and those stores under its control, including, as at 31 December 2015, Nantong Store, Yangzhou Store, Xuzhou Store, Xi'an Gaoxin Store, Kunming Store, Huai'an Store, Yancheng Store, Shanghai Store, Yangzhou Jinghua Store, Nanjing Hanzhong Store, Anhui Huaibei Store, Changzhou Jiahong Store, Suqian Store, Liyang Store, Xuzhou People's Square Store, Yancheng Outlet Store, Nantong (Lifestyle) Store, Kunshan Store, Nantong Renmin Road Store, Wuhu Store and Wuhu New City Store;

* *For identification purpose only*

- Nanjing Zhujiang Store agreed to engage Nanjing Zhujiang No. 1 to provide property management services to Nanjing Zhujiang Store;
- Taizhou Store agreed to engage Taizhou Golden Eagle Tiandi to provide property management services to Taizhou Store;
- Nanjing Xianlin Store agreed to engage Xianlin Golden Eagle Properties to provide property management services to Nanjing Xianlin Store; and

for a term of 3 years commencing from 1 January 2014 to 31 December 2016. Nanjing Golden Eagle Properties and Taizhou Golden Eagle Tiandi are connected person (as defined in the Listing Rules) of the Company as they are companies ultimately and wholly-owned by Mr. Wang.

The entering into of the aforesaid master property management services agreements enables the Group to focus on the development and operations of department store chain in the PRC. The property management services shall include but not limited to the provision of property (interior) maintenance, cleaning, environmental and greenery services and a fee equivalent to the actual cost incurred plus a mark-up of 10% will be charged. These fees were arrived at after arm's length negotiations between the respective parties and with reference to the prevailing market rate. The aggregate amount of property management services fees paid by the Group under the aforesaid master property management services agreements for the year ended 31 December 2015 amounted to RMB70,465,000.

Carpark Management Services Agreements

On 19 December 2013, each of (i) Nanjing Zhujiang Store and Nanjing Zhujiang No. 1; and (ii) 徐州金鷹國際實業有限公司 (Xuzhou Golden Eagle International Industry Co., Ltd.*, or where the context so requires, the department store operated by such company ("Xuzhou Store")) and 徐州金鷹國際置業有限公司 (Xuzhou Golden Eagle International Properties Co., Ltd.*) ("Xuzhou Golden Eagle Properties") entered into a carpark management services agreement (collectively referred to as the "Carpark Management Services Agreements") for a term of 3 years commencing from 1 January 2014. Xuzhou Golden Eagle Properties is a connected person (as defined in the Listing Rules) of the Company as it is a company ultimately and wholly-owned by Mr. Wang.

Pursuant to the Carpark Management Services Agreements, Nanjing Zhujiang No. 1 and Xuzhou Golden Eagle Properties shall provide free carparks to the customers of Nanjing Zhujiang Store and Xuzhou Store respectively. Nanjing Zhujiang Store shall pay carpark fees at a rate of RMB4.0 per hour during the term of the relevant carpark management services agreement. Xuzhou Store shall pay carpark fees at a rate of RMB3.0 per hour. The carpark fees which have been incurred by the respective stores for their customers are part of the value-added services provided. The entering into of the Carpark Management Services Agreements enables the Group to provide better services to its customers in order to enhance sales performance.

* *For identification purpose only*

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These fees were arrived at after arm's length negotiations between the respective parties and with reference to the prevailing market rate. The aggregate amount of carpark management services fees paid by the Group under the Carpark Management Services Agreements for the year ended 31 December 2015 amounted to RMB2,492,000.

Project Management Services Agreement

On 19 December 2013, Golden Eagle (China) and Golden Eagle International Group entered into a project management services agreement (the "Project Management Services Agreement") for a term of 3 years commencing from 1 January 2014, pursuant to which Golden Eagle International Group shall provide project management services including design, purchase of building materials and construction of the Group's new stores to Golden Eagle (China).

The entering into of the Project Management Services Agreement enables the Group to focus on the development and operation of department store chain in the PRC. Golden Eagle International Group shall provide project management services to the Group at a fee of no more than 5% of the total estimated costs to be agreed by both parties (the "Estimated Costs") and in the event that the actual costs are lower than the Estimated costs, an incentive fee equivalent to no more than 10% of the costs saved will be paid to Golden Eagle International Group. These fees were arrived at after arm's length negotiations between the parties and with reference to the prevailing market rate and on terms no less favorable than (i) the Group can obtain from third party suppliers in the market and (ii) the terms offered by Golden Eagle International Group to other Independent third parties.

The aggregate amount of project management service fees paid by the Group under aforesaid Project Management Services Agreement for the year ended 31 December 2015 amounted to RMB8,991,000.

Decoration Services Agreement

On 19 December 2013, Golden Eagle (China) entered into a second supplemental agreement to the decoration services agreement dated 26 February 2006 (as supplemented by the supplemental agreements dated 18 December 2007 and 16 November 2010) (collectively referred to as the "Decoration Services Agreement") with 南京金鷹工程建設有限公司 (Nanjing Golden Eagle Construction Work Co., Ltd.*) ("Golden Eagle Construction Work"), a connected person (as defined in the Listing Rules) of the Company as it is a company ultimately and wholly-owned by Mr. Wang, to extend the service period for a term of 3 years commencing from 1 January 2014. The entering into of the Decoration Services Agreement enables the Group to focus on the development and operation of department store chain in the PRC.

Pursuant to the Decoration Services Agreement, Golden Eagle Construction Work shall provide decoration services to the existing and new department stores of the Group at the fee to be determined after arm's length negotiations from time to time with reference to the specific decoration works to be done and on terms no less favourable than (i) the Group can obtain from third party suppliers in the market and (ii) the terms offered by Golden Eagle Construction Work to other independent third parties.

* *For identification purpose only*

The service fees paid by the Group under the Decoration Services Agreement for the year ended 31 December 2015 amounted to RMB121,554,000.

Motor Group Management Agreement

On 3 December 2014, Golden Eagle (China) entered into a management agreement with 南京金鷹國際投資管理有限公司 (Nanjing Golden Eagle International Investment Management Co., Ltd.*) ("Golden Eagle Investment Management"), pursuant to which Golden Eagle (China) is delegated with the tasks of managing the daily operation of 南京金鷹國際汽車銷售服務集團有限公司 (Nanjing Golden Eagle International Motor Sales Services Group Co., Ltd.*) ("Nanjing Golden Eagle Motor") and its remaining subsidiaries after the completion of the transfer of the equity interests in 南京金鷹蘇星汽車銷售服務有限公司 (Nanjing Golden Eagle Suxing Motor Sales Services Co., Ltd.*) ("GE Suxing Motor Sales"), 南京金鷹蘇星機動車檢測有限公司 (Nanjing Golden Eagle Suxing Motor Inspection Co., Ltd.*) ("GE Suxing Motor Inspection") and 南京蘇星汽車銷售服務有限公司 (Nanjing Suxing Motor Sales Services Co., Ltd.*) ("Suxing Motor Sales") as contemplated under the Motor Group Equity Transfer Agreements (as define below) for a term of 3 years commencing from the date of the Motor Group Management Agreement. The service fee income received by the Group under the Motor Group Management Agreement for the year ended 31 December 2015 amounted to RMB500,000.

Golden Eagle Investment Management and Nanjing Golden Eagle Motor are connected person (as defined in the Listing Rules) of the Company as they are companies ultimately and wholly-owned by Mr. Wang.

Street Shop Management Agreement

On 14 December 2015, Golden Eagle (China) and Golden Eagle International Group entered into a management agreement in respect of street shop properties (the "Street Shop Properties") which are being owned, or will be owned, by Golden Eagle International Group or its subsidiaries from time to time (the "Street Shop Management Agreement"), pursuant to which Golden Eagle (China) and its subsidiaries are delegated with the tasks of managing the daily operation of the Street Shop Properties during the period between 22 November 2015 and 31 December 2017.

As at the date of this report, these properties mainly include standalone non-specialty street shops with aggregate leasable area of approximately 225,375 square meters held for lease in the cities of Nanjing, Taizhou, Yancheng, Suqian, Danyang, Kunshan and Ma'anshan which are all located at the prime shopping districts in the proximity of the chain stores being operated by the Group in the same city, namely Nanjing Xianlin Store, Taizhou Store, Yancheng Outlet Store, Yancheng Julonghu Store, Suqian Store, Danyang Store, Kunshan Store and Ma'anshan Store.

* *For identification purpose only*

Directors' Report

Through the entering into of the Street Shop Management Agreement, synergies are expected to be created among the retail stores and the Street Shop Properties (collectively, the "Enlarged Retail Complexes"). The Enlarged Retail Complexes and different retail format features (retail stores versus street shops) allow the Group to plan and procure merchandise and leased tenants on a well-organised and comprehensive matter. It enables the Group to enlarge and enrich the offerings of its merchandise and lifestyle elements with different shopping experiences to its target customers, customer shopping experience will therefore be enhanced and the foot traffic and operation results of both the Group's retail stores and the Street Shop Properties are expected to be further improved. With the Group's well-established and experienced operating teams, operating costs of the Street Shop Properties are expected to decrease and net profit margin will be improved. With the Street Shop Properties, the Group is able to enlarge its operating area without cost; and the management fee provides another source of income for the Group and thus improve the Group's profit margin.

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

(a) the management fee payable to Golden Eagle (China) and its subsidiaries during the period between 22 November 2015 to 31 December 2016 shall be equivalent to 50% of the net rental income derived from the leasing operation of the Street Shop Properties after deducting the property tax, business tax and other relevant taxes (including, the value-added tax which may be imposed by the PRC government in the future) (the "**Net Rental Income**") during the said period; and

(b) the management fee payable to Golden Eagle (China) from 1 January 2017 onwards shall be equivalent to the aggregate amount of:

    (i) 20% of the portion of the Net Rental Income derived from the leasing operation of the Street Shop Properties of the immediate preceding year; and

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

The management fee was arrived at after arm's length negotiations and with reference to the scope of services to be provided by Golden Eagle (China) and its subsidiaries. The management fee income derived by the Group under the Street Shop Management Agreement for the year ended 31 December 2015 amounted to RMB3,283,000.

Views of the auditors and independent non-executive Directors

The auditors of the Company have provided a letter to the Board pursuant to Rule 14A.56 of the Listing Rules confirming that, for the year ended 31 December 2015, the continuing connected transactions (i) have received the approval of the Board; (ii) have been entered into in accordance with the terms of the agreements governing the transactions; and (iii) have not exceeded the cap disclosed in the relevant announcements made by the Company.

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

The related party transactions with fellow subsidiaries of the Group as disclosed in note 47 to the consolidated financial statements constituted continuing connected transactions of the Group. Those transactions have complied with the requirements for connected transactions under Chapter 14A of the Listing Rules.

The related party transactions regarding the purchase of merchandise from the associates of the Group as disclosed in note 47 to the consolidated financial statements do not constitute continuing connected transaction of the Group.

CONNECTED TRANSACTIONS

COMPLETED CONNECTED TRANSACTIONS

The following were the status of the Group's non-exempt connected transactions which were completed during the year:

Motor Group Equity Transfer Agreement

On 3 December 2014, Nanjing Golden Eagle Motor and the Group entered into agreements (the "Motor Group Equity Transfer Agreements"), pursuant to which Nanjing Golden Eagle Motor has agreed to sell, and the Group has agreed to acquire, 100% equity interests in GE Suxing Motor Sales, GE Suxing Motor Inspection and Suxing Motor Sales at an aggregate consideration of RMB25 million. Completion of the transaction contemplated under the Motor Group Equity Transfer Agreements had taken place on 29 June 2015.

The Board believes that the entering into of the Motor Group Equity Transfer Agreements will further facilitate the Group's development strategy of comprehensive lifestyle shopping concept, where wide varieties of comprehensive functions and amenities will be introduced into the Group's retail floor area so as to satisfy consumers' various needs.

Details of the transaction have been disclosed in the Company's announcement and circular dated 3 December 2014 and 4 June 2015 respectively.

Global Era Equity Transfer Agreement

On 11 November 2015, the Group entered into an agreement with an independent third party to acquire 100% equity interests in Nantong Global Era Real Estate Development Co., Ltd. (thereafter renamed as Nantong Golden Eagle Real Estate Development Co., Ltd.) ("Nantong Global Era Real Estate"), Nantong Global Era Enterprises Co., Ltd. (thereafter renamed as Nantong Golden Eagle Enterprises Co., Ltd.) ("Nantong Global Era Enterprises"), and Wuhu Global Era Enterprises Co., Ltd. (thereafter renamed as Wuhu Golden Eagle Enterprises Co., Ltd.) ("Wuhu Global Era Enterprises") (hereinafter collectively referred to as the "Global Era Group") at an aggregated cash consideration of RMB100,000,000 (the "Global Era Acquisition"). The consideration was arrived at after arm's length negotiations on normal commercial terms and taking into account, among other things, (i) the aggregate net assets value of the companies comprising Global Era Group as set out in their management accounts as at 30 June 2015 and audited financial statements as at 30 June 2015; and (ii) the aggregate valuation of the property interests held by Global Era Group as at 30 September 2015. The Global Era Acquisition was completed on 31 December 2015.

The ultimate beneficial owner of the Global Era Group (the "Ultimate Owner") also owned other companies (the "Remaining Group"). The Ultimate Owner wished to dispose of the Global Era Group and the Remaining Group at the same time. He did not agree to dispose of the Global Era Group only without disposing of the Remaining Group. Mr. Wang, the controlling shareholder, the Chairman and an executive Director of the Company, agreed to, through his other corporate vehicle which is the fellow subsidiary and a connected person of the Company, acquire the Remaining Group. The Ultimate Owner would not have agreed to sell the Global Era Group to the Group if Mr. Wang did not agree to acquire the Remaining Group. Without the involvement of the connected person of the Company, it is infeasible for the Group to acquire the Global Era Group. Due to the above-mentioned special circumstances, the Company complied with the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Details of the transaction have been disclosed in the Company's announcement and circular dated 4 November 2015 and 11 December 2015 respectively.

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, Golden Eagle International Group 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.

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"), being a connected person (as defined in the Listing Rules) of the Company as it is a company ultimately and wholly-owned by Mr. Wang, for the acquisition of a property which is situated at Kunshan City, Jiangsu Province.

The property comprises the whole of 1st to 8th floors and basements B1 and B2 of Kunshan Tiandi Project with an aggregate gross floor area of approximately 118,500 square meters (the "Kunshan Property"). Kunshan Tiandi Project (as defined in the circular dated 4 June 2015) 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 meter 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 2016.

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.

* *For identification purpose only*

Directors' Report

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 20 April 2015, the Group entered into a dual-currency three-year syndicated loan facility agreement in the principal amounts of up to USD625.5 million and HKD1,052.0 million (in aggregate equivalent to approximately RMB4,866.4 million) with a group of financial institutions which will be due for full repayment in April 2018 (the "Syndicated Loan Facility Agreement").

Pursuant to the terms of the Syndicated Loan Facility 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 Syndicated Loan Facility Agreement may become immediately due and payable. The facility was fully utilised and remained outstanding as at 31 December 2015.

DEED OF NON-COMPETITION

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

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

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

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

* *For identification purpose only*

Directors' Report

EMOLUMENT POLICY

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

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

MAJOR CUSTOMERS AND SUPPLIERS

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

MANAGEMENT CONTRACTS

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

TAX RELIEF

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

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on the information publicly available to the Company, there was sufficient public float as required by the Listing Rules throughout the year ended 31 December 2015.

PRE-EMPTIVE RIGHTS

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

AUDITORS

A resolution to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Wang Hung, Roger
Chairman

30 March 2016

Independent Auditor's Report

Deloitte.
德勤

TO THE MEMBERS OF GOLDEN EAGLE RETAIL GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Golden Eagle Retail Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 76 to 188, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

Independent Auditor's Report

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

30 March 2016

Consolidated Statement of Profit or Loss

For the year ended 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000 (restated)
Revenue	8	**4,093,527**	3,978,500
Other income, gains and losses	10	**604,342**	401,437
Changes in inventories of merchandise		**(1,407,729)**	(1,375,765)
Employee benefits expense		**(500,779)**	(442,006)
Depreciation and amortisation of property, plant and equipment and investment properties		**(324,409)**	(236,730)
Release of prepaid lease payments on land use rights		**(30,465)**	(19,974)
Rental expenses		**(205,783)**	(186,620)
Other expenses		**(742,507)**	(677,664)
Share of profit of associates		**5,307**	2,754
Share of loss of a joint venture		**(1,693)**	—
Finance income	11	**237,083**	260,215
Finance costs	12	**(218,697)**	(160,948)
Profit before tax		**1,508,197**	1,543,199
Income tax expense	13	**(472,004)**	(458,437)
Profit for the year	14	**1,036,193**	1,084,762
Profit (loss) for the year attributable to:			
Owners of the Company		**1,039,718**	1,086,936
Non-controlling interests		**(3,525)**	(2,174)
		1,036,193	1,084,762
Earnings per share			
– Basic (RMB per share)	17	**0.597**	0.602
– Diluted (RMB per share)	17	**0.595**	0.599

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	2015 RMB'000	2014 RMB'000 (restated)
Profit for the year	**1,036,193**	1,084,762
Other comprehensive income (expense)		
Items that may be reclassified subsequently to profit or loss:		
Profit on fair value changes of available-for-sale investments	**163,523**	73,765
Reclassified to profit or loss on disposal of available-for-sale investments	**(80,776)**	(78,157)
Share of exchange difference of an associate	**9,321**	(8,133)
Income tax relating to items that may be reclassified to profit or loss	**(9,818)**	(619)
Other comprehensive income (expense) for the year, net of tax	**82,250**	(13,144)
Total comprehensive income for the year	**1,118,443**	1,071,618
Total comprehensive income (expense) attributable to:		
Owners of the Company	**1,121,968**	1,073,792
Non-controlling interests	**(3,525)**	(2,174)
	1,118,443	1,071,618

Consolidated Statement of Financial Position

At 31 December 2015

	NOTES	**31 December 2015 RMB'000**	31 December 2014 RMB'000 (restated)	1 January 2014 RMB'000 (restated)
Non-current assets				
Property, plant and equipment	18	**7,716,165**	5,939,854	4,055,234
Land use rights - non-current portion	19	**2,142,400**	2,203,030	1,909,689
Investment properties	20	**866,026**	86,477	88,564
Deposits and prepayments	21	**64,200**	848,363	1,254,389
Goodwill	22	**17,664**	263,179	256,908
Interests in associates	23	**334,838**	308,284	255,255
Interest in a joint venture	24	**370,607**	—	—
Available-for-sale investments	25	**396,946**	342,554	356,575
Investment in convertible bonds	26	**—**	—	56,049
Deferred tax assets	27	**141,500**	127,844	100,390
		12,050,346	10,119,585	8,333,053
Current assets				
Inventories		**536,468**	473,873	393,328
Properties under development for sale		**1,447,755**	—	—
Completed properties for sale		**14,799**	—	—
Trade and other receivables	28	**843,445**	515,162	446,399
Land use rights - current portion	19	**56,382**	37,673	36,535
Amounts due from related companies	29	**561,290**	23,763	20,966
Tax asset		**11,744**	20,319	23,298
Investments in interest bearing instruments	30	**151,475**	2,318,818	3,005,573
Structured bank deposits	30	**1,816,647**	1,256,957	1,244,221
Restricted cash	30	**90,352**	32,789	33,908
Bank balances and cash	30	**2,232,437**	1,821,084	1,684,803
		7,762,794	6,500,438	6,889,031

Consolidated Statement of Financial Position

At 31 December 2015

	NOTES	31 December 2015 RMB'000	31 December 2014 RMB'000 (restated)	1 January 2014 RMB'000 (restated)
Current liabilities				
Bills, trade and other payables	31	**2,807,487**	2,298,640	2,118,096
Amounts due to related companies	32	**658,705**	435,683	119,210
Bank loans	33	**5,269,086**	3,126,443	10,000
Tax liabilities		**266,363**	217,685	158,044
Deferred revenue	34	**2,242,634**	2,519,667	2,920,839
		11,244,275	8,598,118	5,326,189
Net current (liabilities) assets		**(3,481,481)**	(2,097,680)	1,562,842
Total assets less current liabilities		**8,568,865**	8,021,905	9,895,895
Non-current liabilities				
Bank loans	33	**609,500**	—	2,086,638
Senior notes	35	**2,433,254**	2,419,569	2,407,642
Deferred tax liabilities	27	**206,568**	157,441	130,265
		3,249,322	2,577,010	4,624,545
Net assets		**5,319,543**	5,444,895	5,271,350
Capital and reserves				
Share capital	36	**177,532**	185,282	189,294
Reserves	37	**5,122,840**	5,254,836	5,079,867
Equity attributable to owners of the Company		**5,300,372**	5,440,118	5,269,161
Non-controlling interests		**19,171**	4,777	2,189
Total equity		**5,319,543**	5,444,895	5,271,350

The consolidated financial statements on pages 76 to 188 were approved and authorised for issue by the board of directors on 30 March 2016 and are signed on its behalf by:

WANG HUNG, ROGER
DIRECTOR

WONG CHI KEUNG
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Attributable to owners of the Company												
	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Special reserve RMB'000 (note 37)	Investment revaluation reserve RMB'000	Exchange reserve RMB'000	Share option reserve RMB'000	Statutory surplus reserve RMB'000 (note 37)	Retained profits RMB'000	Total RMB'000	Attributable to non-controlling interests 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 (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 year (restated)	–	–	–	–	–	–	–	–	–	1,086,936	1,086,936	(2,174)	1,084,762
Other comprehensive expense for the year	–	–	–	–	–	(5,011)	(8,133)	–	–	–	(13,144)	–	(13,144)
Total comprehensive (expense) income for the year	–	–	–	–	–	(5,011)	(8,133)	–	–	1,086,936	1,073,792	(2,174)	1,071,618
Shares repurchased and cancelled	(4,025)	–	(391,070)	4,025	–	–	–	–	–	(4,025)	(395,095)	–	(395,095)
Cancellation of treasury shares	–	210	–	–	–	–	–	–	–	–	210	–	210
Exercise of share options	13	–	729	–	–	–	–	(264)	–	–	478	–	478
Arising from acquisition under common control (note 2)	–	–	7,859	–	–	–	–	–	–	–	7,859	–	7,859
Transfer of share option reserve upon forfeiture of share options	–	–	–	–	–	–	–	(2,135)	–	2,135	–	–	–
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	5,750	–	–	5,750	–	5,750
Appropriation	–	–	–	–	–	–	–	–	34,892	(34,892)	–	–	–
Dividends recognised as distribution (note 16)	–	–	–	–	–	–	–	–	–	(522,037)	(522,037)	–	(522,037)
Acquisition of subsidiaries (note 39)	–	–	–	–	–	–	–	–	–	–	–	2,772	2,772
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	1,990	1,990
At 31 December 2014 (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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Attributable to owners of the Company												
	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Special reserve RMB'000 (note 37)	Investment revaluation reserve RMB'000	Exchange reserve RMB'000	Share option reserve RMB'000	Statutory surplus reserve RMB'000 (note 37)	Retained profits RMB'000	Total RMB'000	Attributable to non-controlling interests RMB'000	Total RMB'000
Profit (loss) for the year	–	–	–	–	–	–	–	–	–	1,039,718	1,039,718	(3,525)	1,036,193
Other comprehensive income for the year	–	–	–	–	–	72,929	9,321	–	–	–	82,250	–	82,250
Total comprehensive income (expense) for the year	–	–	–	–	–	72,929	9,321	–	–	1,039,718	1,121,968	(3,525)	1,118,443
Shares repurchased and cancelled	(7,768)	–	(151,087)	7,768	–	–	–	–	–	(636,496)	(787,583)	–	(787,583)
Shares repurchased but not cancelled	–	–	(23)	–	–	–	–	–	–	–	(23)	–	(23)
Exercise of share options	18	–	1,085	–	–	–	–	(368)	–	–	735	–	735
Arising from acquisition under common control (note 2)	–	–	(25,000)	–	–	–	–	–	–	–	(25,000)	–	(25,000)
Transfer of share option reserve upon forfeiture of share options	–	–	–	–	–	–	–	(1,884)	–	1,884	–	–	–
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	5,120	–	–	5,120	–	5,120
Appropriation	–	–	–	–	–	–	–	–	14,712	(14,712)	–	–	–
Dividends recognised as distribution (note 16)	–	–	–	–	–	–	–	–	–	(454,963)	(454,963)	–	(454,963)
Disposal of a subsidiary (note 40)	–	–	–	–	–	–	–	–	–	–	–	(1,747)	(1,747)
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	19,666	19,666
At 31 December 2015	177,532	–	–	25,905	217,228	88,986	(13,549)	49,876	959,710	3,794,684	5,300,372	19,171	5,319,543

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	2015 RMB'000	2014 RMB'000 (restated)
Operating activities		
Profit before tax	**1,508,197**	1,543,199
Adjustments for:		
Depreciation and amortisation of property, plant and equipment and investment properties	**324,409**	236,730
Interest expenses	**218,697**	160,948
Release of prepaid lease payments on land use rights	**30,465**	19,974
Net foreign exchange losses	**427,104**	13,371
Impairment loss on goodwill	**245,515**	—
Bargain purchase gain arising on acquisition of subsidiaries	**(771,285)**	—
Gain on disposal of a subsidiary	**(4,118)**	—
Gain on disposal of an associate	**(26,173)**	—
Equity-settled share-based payments	**5,120**	5,750
Changes in fair value of derivative financial instruments	**—**	3,783
Loss on disposal/write-off of property, plant and equipment	**71,943**	687
Income from investments in interest bearing instruments	**(141,280)**	(176,632)
Investment revaluation reserve reclassified to profit or loss on disposal of available-for-sale investments	**(80,776)**	(78,157)
Income from structured bank deposits	**(52,128)**	(68,179)
Interest income	**(43,675)**	(10,881)
Dividend from equity investments	**(721)**	(9,047)
Effective interest income on investment in convertible bonds	**—**	(4,523)
Share of profit of associates	**(5,307)**	(2,754)
Share of loss of a joint venture	**1,693**	—
Gain on deemed disposal of an associate, net of release of exchange reserve	**—**	(1,429)
Operating cash flows before movements in working capital	**1,707,680**	1,632,840
Increase in inventories	**(64,862)**	(30,495)
Decrease (increase) in trade and other receivables	**21,870**	(61,021)
Increase in amounts due from related companies	**(27,702)**	(5,044)
Increase in bills, trade and other payables	**40,449**	2,813
Decrease in amounts due to related companies	**(2,919)**	(17,490)
Decrease in deferred revenue	**(277,997)**	(401,172)
Net cash generated from operations	**1,396,519**	1,120,431
PRC income tax paid	**(379,289)**	(403,077)
Net cash generated from operating activities	**1,017,230**	717,354

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000 (restated)
Investing activities			
Investments in interest bearing instruments		**(3,155,000)**	(29,238,017)
Redemption of investments in interest bearing instruments		**5,320,380**	29,918,809
Income received from structured bank deposits		**49,688**	76,692
Investments in structured bank deposits		**(33,514,610)**	(15,948,720)
Redemption of structured bank deposits		**32,957,360**	15,927,470
Placement of restricted cash		**(80,352)**	(37,350)
Withdrawal of restricted cash		**32,789**	38,469
Purchase of available-for-sale investments		**(2,122,013)**	(1,295,896)
Proceeds from disposal of available-for-sale investments		**2,231,144**	1,383,682
Addition to property, plant and equipment		**(1,032,000)**	(740,254)
Proceeds from disposal of property, plant and equipment		**5,854**	1,936
Payment on lease payment of land use right		**(8,840)**	(323,157)
Purchase of subsidiaries (net of cash and cash equivalent acquired)	39	**(677,324)**	(53)
Purchase of assets in a subsidiary	41	**—**	(80,000)
Proceeds from disposal of a subsidiary	40	**5,645**	—
Refund of (placement of) deposit for acquisition of a joint venture	21	**50,000**	(300,000)
Capital contribution to associates		**(14,800)**	(51,329)
Capital contribution to a joint venture		**(372,300)**	—
Proceeds from disposal of an associate		**33,162**	—
Income received from investments in interest bearing instruments		**143,243**	182,595
Interest received from bank deposits		**7,979**	10,881
Dividend received from equity investment		**721**	9,047
Advance to a joint venture		**(529,825)**	—
Repayment from a joint venture		**20,000**	—
Net cash used in investing activities		**(649,099)**	(465,195)

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	2015 RMB'000	2014 RMB'000 (restated)
Financing activities		
Distribution to the shareholder	**(45,000)**	—
Dividends paid to owners of the Company	**(454,963)**	(522,037)
Proceeds on exercise of share options	**735**	478
Repurchase of shares	**(787,606)**	(416,054)
New bank loans raised	**4,766,066**	1,320,631
Repayment of bank loans	**(3,133,339)**	(318,237)
Interest paid	**(213,375)**	(182,649)
Capital contribution from non-controlling interests	**19,666**	1,990
Redemption of senior notes	**(108,962)**	—
Net cash generated from (used in) financing activities	**43,222**	(115,878)
Net increase in cash and cash equivalents	**411,353**	136,281
Cash and cash equivalents at beginning of the year	**1,821,084**	1,684,803
Cash and cash equivalents at end of the year	**2,232,437**	1,821,084

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

1. GENERAL

Golden Eagle Retail Group Limited (the "Company") 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 of the Company, the Company's ultimate holding company is GEICO Holdings Limited ("GEICO"), a company incorporated in the British Virgin Islands, which is in turn wholly-owned by The 2004 RVJD Family Trust, the family trust of Mr. Wang Hung, Roger ("Mr. Wang"). The addresses of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KYI-1111, Cayman Islands and Unit 1206, 12th Floor, Tower 2, Lippo Centre, 89 Queensway, Hong Kong, respectively.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the development and operation of stylish department store and lifestyle center chain in The People's Republic of China (the "PRC"). The principal activities of the subsidiaries, associates and a joint venture of the Company are set out in notes 48, 23 and 24 respectively.

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

2. PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Change in presentation of consolidated statement of profit or loss:

In the current year, 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 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 consolidated statement of profit or loss. Certain comparative figures for the year ended 31 December 2014 have been re-classified to conform to the current year presentation. Details are set out as follows:

	2014 (Originally stated) RMB'000	Adjustment arising from merger accounting the Motor Entities (as defined below) RMB'000	Reclassification RMB'000	2014 (Restated) RMB'000
Other operating income	284,581	4,496	(289,077)	—
Other gains and losses	112,360	—	(112,360)	—
Other income, gains and losses	—	—	401,437	401,437
	N/A	N/A	—	N/A

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2. PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 acquisition of the Golden Ning Group was completed in 2014. The consideration paid/payable for the acquisition of the Golden Ning Group was recorded as amount due to a related company under current liabilities as at 31 December 2014 and was accounted for as distribution to the Group's controlling shareholder, which had been fully settled, in 2015.

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. As a result, the assets and liabilities of the Golden Ning Group have been recognised in the consolidated financial statements of the Group at the carrying amounts previously recognized in the consolidated financial statements of GEICO. The consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows for the year ended 31 December 2013 and the 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.

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 positon, financial performance and cash flows for the years ended 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.

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 ("Nanjing Golden Eagle Motor"), 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 in the PRC. The acquisition of the Motor Entities was completed in 2015. The considerations paid for the acquisitions of the Motor Entities are accounted for as distributions to the Group's controlling shareholder, which have been fully settled during the year.

2. PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Business combinations under common control: (Continued)

Motor Entities (defined as below): (Continued)

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. As a result, the assets and liabilities of the Motor Entities have been recognised in the consolidated financial statements of the Group at the carrying amounts previously recognised in the consolidated financial statements of GEICO. The consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows for the year ended 31 December 2014 and the 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.

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

	2015	2014
	RMB'000	RMB'000
Increase in revenue	**253,198**	353,489
Increase in other income, gains and losses	**4,258**	4,496
Increase in changes in inventories of merchandise	**(237,774)**	(331,168)
Increase in employee benefits expense	**(8,327)**	(10,778)
Increase in depreciation of property, plant and equipment	**(2,216)**	(2,193)
Increase in rental expenses	**(1,949)**	(1,708)
Increase in other expenses	**(4,854)**	(5,985)
Increase in finance income	**178**	174
Increase in finance costs	**(375)**	(974)
Increase in income tax expense	**(511)**	(887)
Net increase in profit and total comprehensive income for the year	**1,628**	4,466
Net increase in profit and total comprehensive income for the year attributable to:		
Owners of the Company	**1,628**	4,466

2. PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Business combinations under common control: (Continued)

Motor Entities (defined as below): (Continued)

The effects of adopting merger accounting to account for the acquisitions of the Motor Entities on the consolidated statement of financial positon 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
Non-current assets						
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
	10,112,936	6,649	10,119,585	8,324,635	8,418	8,333,053
Current assets						
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	1,819,722	1,362	1,821,084	1,666,004	18,799	1,684,803
	6,404,823	95,615	6,500,438	6,779,378	109,653	6,889,031

2. PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Business combinations under common control: (Continued)

Motor Entities (defined as below): (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
Current liabilities						
Bills, 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
	8,525,224	72,894	8,598,118	5,233,022	93,167	5,326,189
Net current (liabilities) assets	(2,120,401)	22,721	(2,097,680)	1,546,356	16,486	1,562,842
Total assets less current liabilities	7,992,535	29,370	8,021,905	9,870,991	24,904	9,895,895
Non-current liabilities						
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
	2,577,010	—	2,577,010	4,624,545	—	4,624,545
Net assets	5,415,525	29,370	5,444,895	5,246,446	24,904	5,271,350
Capital and reserves						
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	5,415,525	29,370	5,444,895	5,246,446	24,904	5,271,350

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2. PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Going concern basis:

During the year, the Group has breached certain financial covenants of the Syndicated Loan (as defined in note 33). The Group is in the process of negotiation with the lenders for a consent waiver of such breach. The syndicated loan of approximately RMB4,866.4 million has been classified as a current liability as at 31 December 2015. The Directors are of the view that it is unlikely that the lenders will demand immediate repayment. Up to the date of this report, the negotiations were still in progress and the Directors of the Company are confident that a successful consensus would be reached.

In preparing the consolidated financial statements, the Directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that as at 31 December 2015, its current liabilities exceeded its current assets by approximately RMB3,481,481,000. Taking into account of internally generated funds and unutilised banking facilities, the Directors of the Company considered that the Group will be able to meet its financial obligations when they fall due in the foreseeable future and be able to operate on a going concern basis. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and revised HKFRSs adopted during the year

The Group has applied for the first time in the current year the following amendments to HKFRSs:

Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2010 – 2012 Cycle*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2011 – 2013 Cycle*

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

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") (CONTINUED)

New and revised HKFRSs in issue but not yet effective

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

1 Effective for annual periods beginning on or after 1 January 2018.

2 Effective for annual periods beginning on or after 1 January 2016.

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

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") (CONTINUED)

New and revised HKFRSs in issue but not yet effective (Continued)

HKFRS 9 Financial Instruments (Continued)

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") (CONTINUED)

New and revised HKFRSs in issue but not yet effective (Continued)

HKFRS 9 Financial Instruments (Continued)

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors of the Company 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, amendments or interpretations will have no material impact on the financial performance and the financial position of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES

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

The provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (Continued)

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations (Continued)

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquire (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquirer's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Merger accounting for business combination involving entities under common control (Continued)

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

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

Interests in associates and joint ventures

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interests in associates and joint ventures (Continued)

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an interest in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's interest in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and any proceeds from disposing of the interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interests in associates and joint ventures (Continued)

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

Property, plant and equipment

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

Construction in progress includes property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Buildings under development for future owner-occupied purpose

When buildings are in the course of development for production or for administrative purposes, the amortisation of prepaid lease payments provided during the construction period is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

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

Completed properties for sale/properties under development for sale

Completed properties for sale and properties under development for sale in the ordinary course of business are included in current assets and stated at the lower of cost and net realizable value. Cost includes the land cost, development expenditure, borrowing costs capitalized in accordance with the Group's accounting policy, and other directly attributable expenses. Net realizable value represents the selling price estimated by management based on prevailing market conditions less estimated costs of completion, where applicable, and costs necessary to make the sale.

Impairment losses on tangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment losses on tangible assets other than goodwill (see the accounting policy in respect of goodwill above) (Continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), available-for-sale ("AFS") financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL

A financial asset is classified as held-for-trading if:

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 6.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) financial assets at FVTPL or (b) loans and receivables.

Equity and debt securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment of financial assets below).

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment of financial assets below).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from related companies, investments in interest bearing instruments, structured bank deposits, restricted cash and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables and amounts due from related companies, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and other receivable or amount due from a related company is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve.

Financial liabilities and equity instruments

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

Equity instruments

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

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

Effective interest method

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

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

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

Inventories

Inventories, which represent merchandise held for resale, are stated at the lower of cost and net realisable value. Cost of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from sale of goods is recognised when the goods are delivered and title has passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Income from concessionaire sales is recognised upon the sale of goods by the relevant concessionaires.

Sales of goods (including sale of goods by the relevant concessionaires) that result in award credits for customers, under the Group's customer loyalty program, are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods supplied and the award credits that are earned by the customers. The consideration allocated to the award credits is measured by reference to the fair value of the awards for which they could be redeemed. Such consideration is not recognised as revenue at the time of the initial sale transaction – but is deferred and recognised as revenue when the award credits are redeemed and the Group's obligations under the customer loyalty program have been fulfilled. Under the Group's customer loyalty program, customers are entitled to convert their award credits into cash vouchers upon the fulfilment of certain criteria as set out in the terms and conditions of the Group's customer loyalty program.

Service income, including management fee and automobile service fee, is recognised when services are provided.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Investment income from a financial assets is recognised when the Group's rights to receive payment have been established provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term. Contingent rentals are credited to profit or loss in the period in which they actually arise.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing (Continued)

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "land use rights" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Government grants

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

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

Foreign currencies

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

Exchange differences arising on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

Retirement benefit costs

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

Taxation

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

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

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

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

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Equity-settled share-based payment transactions

Share options granted to employees

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

5. KEY SOURCES OF ESTIMATION UNCERTAINTIES

In the application of the Group's accounting policies, which are described in note 4, management of the Company are required to make various estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences, expectation of the future and other information/factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The key sources of estimation uncertainties at the end of the reporting period, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

Impairment loss of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2015, the carrying amount of the Group's goodwill was RMB17,664,000 (2014: RMB263,179,000), and impairment loss of RMB245,515,000 (2014: nil) was recognised for the year ended 31 December 2015. Details of the recoverable amount calculation are disclosed in note 22.

Income taxes

As at 31 December 2015, a deferred tax asset of RMB129,200,000 (2014: RMB110,409,000) in relation to unused tax losses has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of RMB465,354,000 (2014: RMB183,585,000 (restated)) due to the unpredictability of future profit streams, of which RMB339,068,000 arised from the acquisition of the Global Era Group (as defined in note 39). The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

5. KEY SOURCES OF ESTIMATION UNCERTAINTIES (CONTINUED)

Fair value measurements and valuation processes

Some of the Group's assets are measured at fair value for financial reporting purposes. The Group has set up a valuation team, which is headed up by the Chief Financial Officer of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The valuation team works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation team's findings to the board of directors of the Company every half a year to explain the cause of fluctuations in the fair value of the assets.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Note 7 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets.

Net realizable value of properties under development for sale and completed properties for sale

Properties under development for sale and completed properties for sale are stated at the lower of cost and net realizable value. The net realizable value of properties under development for sale and completed properties for sale is determined by reference to the estimated selling price less estimated selling expenses and estimated cost of completion, which are estimated based on directors' best available information and the prevailing market conditions.

Where there is any decrease in the estimated selling price arising from any changes to the property market conditions, the leasehold land held for development for sale, properties under development for sale and completed properties for sale may be written down. There is no write-down of leasehold land held for development for sale, properties under development for sale or completed properties for sale in current year.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net liabilities, which includes the bank borrowings and senior notes disclosed in note 33 and note 35, respectively, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The management of the Company review the capital structure on an on-going basis. As part of this review, the management consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

7. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2015 **RMB'000**	2014 RMB'000 (Restated)
Financial assets		
Available-for-sale investments	**396,946**	342,554
Loans and receivables	**4,882,520**	5,676,561
Financial liabilities		
Amortised cost	**(11,549,506)**	(8,052,838)

Financial risk management objectives and polices

The Group's major financial instruments include available-for-sale investments, trade and other receivables, investments in interest bearing instruments, structured bank deposits, restricted cash, bank balances and cash, amounts due from related companies, amounts due to related companies, bills, trade and other payables, bank loans and senior notes. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

7. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and polices (Continued)

Market risk

Foreign currency risk

Certain of the Group's bank balances and cash, restricted cash, available-for-sale investments, bank loans and senior notes are denominated in Hong Kong dollar ("HKD") or United States dollar ("USD") which expose the Group to foreign currency risk attributable to the fluctuations in the exchange rates of USD/HKD against RMB, the functional currency of the respective group entities.

The Group currently has not entered into any contracts to hedge its foreign currency risk exposure. The management monitors foreign exchange risk exposure and will consider hedging significant foreign currency exposure should the need arises.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Liabilities		**Assets**	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
USD	**6,508,112**	4,511,673	**76,026**	15,977
HKD	**1,110,085**	1,037,210	**333,991**	85,779

Foreign currency risk arising from structured bank deposits as disclosed in note 30 would be minimal as the principals are denominated in RMB and guaranteed and the impact of the changes in foreign exchange rates to the changes in expected returns is minimal.

The Group is mainly exposed to fluctuations in the exchange rates of USD/HKD against RMB.

The following table details the Group's sensitivity to a 5% (2014: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% (2014: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2014: 5%) change in foreign currency rates.

7. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and polices (Continued)

Market risk (Continued)

Foreign currency risk (Continued)

	USD Impact		HKD Impact	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Increase (decrease) in post-tax profit for the year:				
if RMB weakens against foreign currency	**(321,604)**	(224,785)	**(38,805)**	(50,991)
if RMB strengthens against foreign currency	**321,604**	224,785	**38,805**	50,991

The sensitivity analysis above only analysed the Group's year end inherent foreign exchange risk exposure and does not represent the exposure during the year as the value of the monetary items and the exchange rates fluctuate during the year.

Interest rate risk

(i) Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk for its interest bearing financial liabilities and certain of its interest bearing financial assets, including bank loans, investments in interest bearing instruments, structured bank deposits and bank balances, which carried interests at prevailing market rates.

No interest rate swap arrangement has been entered into by the Group during the year ended 31 December 2015 and 31 December 2014.

(ii) Fair value interest rate risk

The Group is also exposed to fair value interest rate risk for certain financial assets and financial liabilities, including fixed-rate bank deposits and fixed rate senior notes.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

7. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and polices (Continued)

Market risk (Continued)

Interest rate risk (Continued)

The Group currently does not have an interest rate hedging policy. The management monitors interest rate risk exposure and will consider hedging significant interest rate exposure should the need arises.

The Group's exposures to interest rates on investments in interest bearing instruments, structured bank deposits, restricted cash, cash and cash equivalents and financial liabilities are detailed in the liquidity and interest risk table of this note.

The sensitivity analysis below has been determined based on the exposure to variable-rate bank loans outstanding at the end of the reporting period. Structured bank deposits and investments in interest bearing instruments are not included as the impact is insignificant at the end of the reporting period. The analysis is prepared assuming the variable-rate bank loans outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2014: 50 basis points) increase or decrease is the sensitivity rate used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2014: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2015 would decrease/increase by RMB29,387,000 (2014: decrease/increase by RMB15,632,000 (restated)).

Other price risks

Equity price risk

The Group is exposed to equity price risk through its investments in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. For sensitivity analyses purposes, the sensitivity rates are 15% and 30% (2014: 15% and 30%) respectively in the current year as a result of the volatile financial market.

- If equity prices had been 15% (2014: 15%) higher/lower, investment revaluation reserve would increase/decrease by RMB52,681,000 (2014: RMB41,102,000), as a result of changes in fair value of available-for-sale investments.
- If equity prices had been 30% (2014: 30%) higher/lower, investment revaluation reserve would increase/decrease by RMB105,362,000 (2014: RMB82,204,000), as a result of changes in fair value of available-for-sale investments.

The sensitivity analyses above only analyzed the Group's year end equity price risk exposure and do not represent the exposure during the year as the fair value of the equity securities fluctuate during the year.

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7. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and polices (Continued)

Credit risk

As at 31 December 2015, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties in relation to each class of recognised financial assets is the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group reviews the recoverable amount of each individual other receivables and amounts due from related companies to ensure that follow up action is taken to recover overdue debts and adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on investments in interest bearing instruments, structured bank deposits, restricted cash, bank balances and trade receivables, which are attributable to credit card sales, is limited because the counterparties are state-owned banks and/or financial institutions with good reputation.

The Group has no significant concentration of credit risk on trade and other receivables and amounts due from related companies, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensure compliance with loan covenants, if any. The Group relies principally on cash flows generated from its operating activities as a primary source of liquidity, and bank borrowings and senior notes as additional sources of liquidity. As at 31 December 2015, the Group has available unutilised banking facilities of RMB19,000 million (2014: RMB19,000 million).

The following table details the Group's contractual maturity for its non-derivative financial liabilities based on undiscounted cash flows on the earliest date on which the Group can be required to pay as well as investments in interest bearing instruments, structured bank deposits, restricted cash and cash and cash equivalents. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from applicable interest rate at the end of the reporting period.

7. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and polices (Continued)

Liquidity risk (Continued)

Liquidity and interest risk table

	Weighted average effective interest rate %	Within 1 year RMB'000	1-5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2015						
Non-derivative financial liabilities:						
Bills, trade and other payables	—	2,578,961	—	—	2,578,961	2,578,961
Amounts due to related companies	—	658,705	—	—	658,705	658,705
Bank loans (Note)	3.95	5,515,004	549,362	213,369	6,277,735	5,878,586
Senior notes	4.63	113,675	454,698	2,742,014	3,310,387	2,433,254
		8,866,345	1,004,060	2,955,383	12,825,788	11,549,506
At 31 December 2014						
Non-derivative financial liabilities:						
Bills, trade and other payables	—	2,071,143	—	—	2,071,143	2,071,143
Amounts due to related companies	—	435,683	—	—	435,683	435,683
Bank loans	3.76	3,155,183	—	—	3,155,183	3,126,443
Senior notes	4.63	112,793	451,172	2,833,533	3,397,498	2,419,569
		5,774,802	451,172	2,833,533	9,059,507	8,052,838

Note: As set out in note 33, syndicated loan of approximately RMB4,866 million has been reclassified as current liabilities as at 31 December 2015 in view of the breach of certain financial covenants under the Syndicated Loan (as defined in note 33).

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

7. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurement of financial instruments

This note provides information about how the Group determines fair values of certain financial assets.

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

Certain of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets		Fair value as at		Fair value hierarchy	Basis of fair value measurement/valuation techniques and key inputs	Significant unobservable inputs
		31.12.2015	31.12.2014			
		RMB'000	RMB'000			
1)	Available-for-sale listed equity securities	**396,946**	342,554	Level 1	Quoted prices in active markets	N/A

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

At 31 December 2015, the Directors of the Company consider that the carrying amounts of financial assets and financial liabilities which are carried at amortised cost in the consolidated financial statements approximate their fair values.

7. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurement of financial instruments (Continued)

(iii) Reconciliation of Level 3 fair value measurements

	Derivative component of the convertible bonds RMB'000
1 January 2014	15,506
Loss included in other gains and losses (note 10)	(3,783)
Transferred as consideration of acquisition	(11,723)
31 December 2014 and 31 December 2015	—

The fair value of the financial asset included in the level 3 category above has been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of counterparty.

8. REVENUE

The Group's revenue generated from the department store operations in the PRC represents the net amount received and receivable for goods sold, less returns and allowances, commission income from concessionaire sales, rental income, automobile service fees and management fees. An analysis of the Group's revenue for the year is as follows:

	2015 **RMB'000**	2014 RMB'000 (restated)
Revenue from department store operations		
– direct sales	**1,719,560**	1,596,350
– commission income from concessionaire sales	**2,118,071**	2,212,868
– rental income	**223,150**	141,533
– automobile services fees	**29,175**	27,749
– management fees	**3,571**	—
	4,093,527	3,978,500

8. REVENUE (CONTINUED)

Gross sales proceeds represent the gross amount, including the related value-added tax and sales taxes, of direct sales, concessionaire sales, rental income, automobile service fees and management fees charged to customers.

Gross sales proceeds	2015 RMB'000	2014 RMB'000 (restated)
From department store operations		
– direct sales	**2,024,751**	1,866,913
– concessionaire sales	**13,993,107**	14,205,164
– rental income	**236,500**	149,929
– automobile service fees	**33,655**	31,965
– management fees	**3,783**	—
	16,291,796	16,253,971

9. SEGMENT INFORMATION

HKFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the executive directors and chief executive officer, the chief operating decision maker (the "CODM"), in order to allocate resources to the segments and to assess their performance. The Group's operating and reportable segments are as follows:

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

After the Global Era Acquisition (as defined in note 39), the Group will start to commence property development operation since 2016. In the opinion of CODM, the property development operation will be considered as an individual operating and reportable segment in 2016.

9. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

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

	Southern Jiangsu Province RMB'000	Northern Jiangsu Province RMB'000	Western region of PRC RMB'000	Total reportable segments RMB'000	Others RMB'000	Total RMB'000
For the year ended 31 December 2015						
Gross sales proceeds	5,532,316	7,883,991	1,703,125	15,119,432	1,172,364	16,291,796
Segment revenue	1,549,496	1,737,665	344,558	3,631,719	461,808	4,093,527
Segment results	443,797	763,977	154,431	1,362,205	(65,051)	1,297,154
Central administration costs and Directors' salaries						(90,800)
Finance income						237,083
Finance costs						(218,697)
Other gains and losses						279,843
Share of profit of associates						5,307
Share of loss of a joint venture						(1,693)
Profit before tax						1,508,197
Income tax expense						(472,004)
Profit for the year						1,036,193

9. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

	Southern Jiangsu Province RMB'000 (Restated)	Northern Jiangsu Province RMB'000	Western region of PRC RMB'000	Total reportable segments RMB'000 (Restated)	Others RMB'000	Total RMB'000 (Restated)
For the year ended 31 December 2014						
Gross sales proceeds	5,472,470	7,648,426	1,936,967	15,057,863	1,196,108	16,253,971
Segment revenue	1,610,465	1,617,579	371,676	3,599,720	378,780	3,978,500
Segment results	549,840	797,510	134,131	1,481,481	(67,081)	1,414,400
Central administration costs and Directors' salaries						(85,582)
Finance income						260,215
Finance costs						(160,948)
Other gains and losses						112,360
Share of profit of associates						2,754
Profit before tax						1,543,199
Income tax expense						(458,437)
Profit for the year						1,084,762

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment results represent the profit earned by each segment without allocation of central administration costs, Directors' salaries, finance income, finance costs, other gains and losses, share of profit of associates and share of loss of a joint venture.

Segment assets

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

9. SEGMENT INFORMATION (CONTINUED)

Other segment information

Amounts included in the measure of segment profit or loss:

	Southern Jiangsu Province RMB'000	Northern Jiangsu Province RMB'000	Western region of PRC RMB'000	Total reportable segments RMB'000	Others RMB'000	Total RMB'000
For the year ended 31 December 2015						
Depreciation and amortisation of property, plant and equipment and investment properties	116,441	130,911	30,959	278,311	46,098	324,409
Release of prepaid lease payments on land use rights	25,125	12,704	12,932	50,761	—	50,761
Less: amounts capitalised	(18,162)	(2,134)	—	(20,296)	—	(20,296)
	6,963	10,570	12,932	30,465	—	30,465

	Southern Jiangsu Province RMB'000 (Restated)	Northern Jiangsu Province RMB'000	Western region of PRC RMB'000	Total reportable segments RMB'000 (Restated)	Others RMB'000 (Restated)	Total RMB'000 (Restated)
For the year ended 31 December 2014						
Depreciation and amortisation of property, plant and equipment and investment properties	57,516	100,319	34,351	192,186	44,544	236,730
Release of prepaid lease payments on land use rights	17,688	7,058	12,932	37,678	—	37,678
Less: amounts capitalised	(15,570)	(2,134)	—	(17,704)	—	(17,704)
	2,118	4,924	12,932	19,974	—	19,974

10. OTHER INCOME, GAINS AND LOSSES

	2015 RMB'000	2014 RMB'000 (restated)
Other income		
Income from suppliers and customers	**297,817**	261,178
Government grants	**19,624**	24,625
Others	**7,058**	3,274
	324,499	289,077
Other gains and losses		
Net foreign exchange loss	**(427,104)**	(13,371)
Bargain purchase gain arising on acquisition of subsidiaries (note 39)	**771,285**	—
Gain on disposal of a subsidiary (note 40)	**4,118**	—
Gain on disposal of an associate (note 23)	**26,173**	—
Gain on redemption of senior notes (note 35)	**25,822**	—
Gain on deemed disposal of an associate, net of release of exchange reserve	**—**	1,429
Dividend income from equity investments	**721**	9,047
Fair value change of held-for-trading investments	**121,492**	40,881
Derivative component of investment in convertible bonds (note 26)	**—**	(3,783)
Investment revaluation reserve reclassified to profit or loss on disposal of available-for-sale investments	**80,776**	78,157
Impairment of goodwill (note 22)	**(6,271)**	—
Impairment loss/provisions in relation to store suspension		
– impairment of goodwill (note 22)	**(239,244)**	—
– loss on disposal/write-off of property, plant and equipment	**(71,484)**	—
– provision of other store suspension expenses	**(6,441)**	—
	(317,169)	—
	279,843	112,360
	604,342	401,437

11. FINANCE INCOME

	2015	2014
	RMB'000	RMB'000
		(restated)
Income from investments in interest bearing instruments	**141,280**	176,632
Income from structured bank deposits	**52,128**	68,179
Interest income on deposit for acquisition of Suzhou Qianning (note 21)	**35,696**	—
Interest income on bank deposits	**7,979**	10,881
Effective interest income on investment in convertible bonds (note 26)	**—**	4,523
	237,083	260,215

12. FINANCE COSTS

	2015	2014
	RMB'000	RMB'000
		(restated)
Interest expenses on:		
Bank loans wholly repayable within five years	**141,709**	90,890
Senior notes wholly repayable after five years	**114,625**	118,021
	256,334	208,911
Less: amounts capitalised in the cost of qualifying assets	**(37,637)**	(47,963)
	218,697	160,948

Finance costs capitalised are calculated by applying a weighted average capitalisation rate of 4.0% (2014: 4.2%) per annum.

13. INCOME TAX EXPENSE

	2015 RMB'000	2014 RMB'000 (restated)
PRC Enterprise Income Tax:		
Current year	**372,317**	421,058
Over provision in prior years	**(1,245)**	(13,108)
	371,072	407,950
Withholding tax on distribution of earnings from the PRC subsidiaries	**80,000**	51,386
Deferred tax charge (credit):		
Current year	**20,932**	(899)
	472,004	458,437

Hong Kong Profits Tax has not been provided as the Group had no assessable profit arised in or derived from in Hong Kong during the both years.

Subsidiaries of the Group located in the PRC are subject to PRC Enterprise Income Tax rate of 25% (2014: 25%) pursuant to the relevant PRC Enterprise Income Tax laws, 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.

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13. INCOME TAX EXPENSE (CONTINUED)

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss as follows:

	2015 RMB'000	2014 RMB'000 (restated)
Profit before tax	**1,508,197**	1,543,199
Tax at the applicable tax rate of 25% (2014: 25%)	**377,049**	385,800
Tax effect of share of profit of associates	**(1,327)**	(689)
Tax effect of share of loss of a joint venture	**423**	—
Tax effect of expenses not deductible for tax purpose	**241,195**	87,905
Tax effect of income not taxable for tax purpose	**(193,493)**	(55,159)
Tax effect of tax losses not recognised	**208**	20,030
Utilisation of tax losses previously not recognised	**(14,533)**	—
Over provision in prior years	**(1,245)**	(13,108)
Effect of withholding tax on estimated dividends in respect of the PRC subsidiaries' current year undistributable profits	**80,000**	51,386
Effect of tax relief granted	**(16,273)**	(17,728)
Tax charge for the year	**472,004**	458,437

14. PROFIT FOR THE YEAR

	2015 RMB'000	2014 RMB'000 (restated)
Profit for the year has been arrived at after charging (crediting):		
Directors' remuneration	**420**	400
Other staff:		
Salaries and other benefits	**439,236**	389,424
Retirement benefits schemes contributions	**56,003**	46,432
Equity-settled share-based payments	**5,120**	5,750
	500,779	442,006
Auditor's remuneration	**2,380**	1,950
Depreciation of property, plant and equipment	**322,322**	234,643
Depreciation of investment properties	**2,087**	2,087
Release of prepaid lease payments on land use rights	**50,761**	37,678
Less: amounts capitalised	**(20,296)**	(17,704)
	30,465	19,974
Loss on disposal/write-off of property, plant and equipment	**71,943**	687
Gross rental income from investment properties	**(22,171)**	(17,770)
Less: direct operating expenses incurred for investment properties	**2,859**	2,822
	(19,312)	(14,948)

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15. DIRECTORS', CHIEF EXECUTIVE OFFICER AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable to the directors and chief executive officer of the Company were as follows:

	2015					2014				
		Other emoluments					Other emoluments			
	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Equity-settled share-based payments	Total	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Equity-settled share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Director										
Mr. Wang Hung, Roger	–	–	–	–	–	–	–	–	–	–
Independent non-executive Directors										
Mr. Wong Chi Keung	176	–	–	–	176	171	–	–	–	171
Mr. Lay Danny J (Note 1)	117	–	–	–	117	67	–	–	–	67
Mr. Wang Sung Yun, Eddie (Note 2)	78	–	–	–	78	–	–	–	–	–
Mr. Wang Yao (Note 3)	49	–	–	–	49	114	–	–	–	114
Mr. Liu Chi Husan, Jack (Note 4)	–	–	–	–	–	48	–	–	–	48
Sub-total	420	–	–	–	420	400	–	–	–	400
Chief Executive Officer										
Mr. Su Kai (Note 5)	–	844	61	–	905	–	296	21	–	317
Total	420	844	61	–	1,325	400	296	21	–	717

Notes:

1. Mr. Lay Danny J was appointed as an independent non-executive Director of the Company with effect from 21 May 2014.
2. Mr. Wang Sung Yun, Eddie was appointed as an independent non-executive Director of the Company with effect from 13 May 2015.
3. Mr. Wang Yao was retired as an independent non-executive Director of the Company with effect from 13 May 2015.
4. Mr. Liu Chi Husan, Jack was retired as an independent non-executive Director of the Company with effect from 21 May 2014.
5. Mr. Su Kai was appointed as a Chief Executive Officer of the Company with effect from 25 August 2014.

15. DIRECTORS', CHIEF EXECUTIVE OFFICER AND EMPLOYEES' EMOLUMENTS (CONTINUED)

The non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

Of the five individuals with highest emoluments in the Group, one (2014: one) was the Chief Executive Officer of the Company whose emoluments are included above. The emoluments of the remaining four (2014: four) individuals were as follows:

	2015 RMB'000	2014 RMB'000
Salaries and other benefits	**2,623**	2,449
Retirement benefits schemes contributions	**185**	113
Equity-settled share-based payments	**662**	851
	3,470	3,413

Their emoluments were within the following bands:

	2015 No. of employees	2014 No. of employees
Nil to HKD1,000,000	**3**	3
HKD1,000,001 to HKD1,500,000	**—**	—
HKD1,500,001 to HKD2,000,000	**1**	1
	4	4

During the year, no emoluments were paid by the Group to the five highest paid individuals (including director and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors and Chief Executive Officer has waived any emoluments during the year.

16. DIVIDENDS

	2015 RMB'000	2014 RMB'000
Dividends recognised as distribution during the year:		
Final dividend for the year ended 31 December 2014 of RMB0.151 (year ended 31 December 2013: RMB0.203) per share	**268,489**	364,924
Interim dividend for the six months ended 30 June 2015 of RMB0.110 (six months ended 30 June 2014: RMB0.088) per share	**186,474**	157,113
	454,963	522,037

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2015 of RMB0.060 (2014: RMB0.151) per share has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

17. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding during the year 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:

	2015 RMB'000	2014 RMB'000 (restated)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**1,039,718**	1,086,936

17. EARNINGS PER SHARE (CONTINUED)

	2015	2014
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,740,686**	1,806,713
Effect of dilutive potential ordinary shares attributable to share options	**6,653**	7,210
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,747,339**	1,813,923

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 the years ended 31 December 2015 and 31 December 2014 because the exercise price of these options were higher than the average market prices of the Company's shares during both years.

18. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Live animals RMB'000	Construction in progress RMB'000	Total RMB'000
COST								
At 1 January 2014 (restated)	3,857,383	891,422	105,583	159,438	10,018	—	71,144	5,094,988
Acquired on acquisitions of subsidiaries and assets (notes 39 & 41)	82,766	—	118	977	1,419	—	1,518	86,798
Additions (restated)	934,374	78,796	1,445	32,263	4,026	2,316	983,449	2,036,669
Transfers	620,806	139,488	251	13,607	—	—	(774,152)	—
Disposals (restated)	(589)	—	(94)	(5,936)	(2,432)	—	—	(9,051)
At 31 December 2014	5,494,740	1,109,706	107,303	200,349	13,031	2,316	281,959	7,209,404
Acquired on acquisition of subsidiaries (note 39)	975,511	38,572	22,085	28,506	507	—	—	1,065,181
Derecognisaed on disposal of a subsidiary (note 40)	—	(3,619)	—	(244)	(58)	—	—	(3,921)
Additions	967,392	102,757	5,312	25,961	1,642	1,603	294,721	1,399,388
Transfers	112,337	58,717	3,895	1,257	—	—	(176,206)	—
Disposals	(420)	(200,769)	(1,457)	(19,529)	(2,607)	(302)	(8)	(225,092)
At 31 December 2015	7,549,560	1,105,364	137,138	236,300	12,515	3,617	400,466	9,444,960

18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Live animals RMB'000	Construction in progress RMB'000	Total RMB'000
DEPRECIATION AND AMORTISATION								
At 1 January 2014 (restated)	486,512	432,309	52,014	63,078	5,841		—	1,039,754
Acquired on acquisitions of subsidiaries and assets (note 39)	—	—	—	782	799	—	—	1,581
Provided for the year (restated)	99,035	104,506	7,186	21,516	1,774	626	—	234,643
Eliminated on disposals (restated)	(123)	—	(76)	(5,083)	(1,146)	—	—	(6,428)
At 31 December 2014	585,424	536,815	59,124	80,293	7,268	626	—	1,269,550
Acquired on acquisition of subsidiaries (note 39)	191,326	24,413	13,254	25,277	457	—	—	254,727
Derecognisaed on disposal of a subsidiary (note 40)	—	(700)	—	(13)	(6)	—	—	(719)
Provided for the year	152,291	132,418	7,742	27,452	1,736	683	—	322,322
Eliminated on disposals	—	(98,696)	(654)	(16,107)	(1,628)	—	—	(117,085)
At 31 December 2015	929,041	594,250	79,466	116,902	7,827	1,309	—	1,728,795
CARRYING VALUES								
At 31 December 2015	6,620,519	511,114	57,672	119,398	4,688	2,308	400,466	7,716,165
At 31 December 2014 (restated)	4,909,316	572,891	48,179	120,056	5,763	1,690	281,959	5,939,854

18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

For land use rights and buildings in the PRC where the cost of land use rights cannot be reliably separated, the entire lease is classified as a finance lease and is depreciated and amortised over the term of the land use right ranged from 40 to 63 years using the straight-line method.

Other than land and buildings mentioned above, the cost of other buildings is depreciated over the period of the respective land use rights or 40 years, whichever is shorter, using the straight-line method.

The cost of leasehold improvements is depreciated on a straight-line basis over the period of the respective leases or 10 years, whichever is shorter.

Other items of property, plant and equipment are depreciated over their estimated useful lives and after taking into account the estimated residual value on a straight-line basis, at the following rates per annum:

Plant and machinery	10%
Furniture, fixtures and equipment	10% - 20%
Motor vehicles	20%
Live animals	33%

As at the end of the reporting period, the Group is in the process of obtaining title deeds of buildings with carrying value of approximately RMB2,766,394,000 (2014: RMB1,767,485,000).

19. LAND USE RIGHTS

	2015	2014
	RMB'000	RMB'000
CARRYING VALUES		
At beginning of the year	**2,240,703**	1,946,224
Additions	**8,840**	332,157
Released during the year	**(50,761)**	(37,678)
At end of the year	**2,198,782**	2,240,703
Analysed for reporting purposes as:		
Non-current assets	**2,142,400**	2,203,030
Current assets	**56,382**	37,673
	2,198,782	2,240,703

As at the end of the reporting period, the Group is in the process of obtaining land use right certificates in respect of medium-term land use rights with a carrying value of approximately RMB736,520,000 (2014: RMB1,044,079,000).

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20. INVESTMENT PROPERTIES

	Amount
	RMB'000
COST	
At 1 January 2014 and 31 December 2014	92,738
Acquired on acquisition of subsidiaries (note 39)	817,015
At 31 December 2015	909,753
DEPRECIATION	
At 1 January 2014	4,174
Provided for the year	2,087
At 31 December 2014	6,261
Acquired on acquisition of subsidiaries (note 39)	35,379
Provided for the year	2,087
At 31 December 2015	43,727
CARRYING VALUES	
At 31 December 2015	866,026
At 31 December 2014	86,477

The fair value of the Group's investment properties as at 31 December 2015 was RMB1,034,514,000 (2014: RMB250,372,000), including land element of RMB167,553,000 (2014: RMB159,866,000) and building element of RMB866,961,000 (2014: RMB90,506,000). The fair value has been arrived at based on valuations carried out by RHL Appraisal Limited and DTZ Debenham Tie Leung Limited (2014: RHL Appraisal Limited), independent valuers not connected with the Group. The valuation was determined by reference to recent market prices for similar properties in the similar locations and conditions. There has been no change from the valuation technique used in the prior year. The address of RHL Appraisal Limited and DTZ Debenham Tie Leung Limited are Rm1010 Star House, Tsim Sha Tsui, Hong Kong and 16/F Jardine House, Central, Hong Kong respectively.

20. INVESTMENT PROPERTIES (CONTINUED)

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Details of the Group's investment properties and information about the fair value hierarchy are as follows:

	As at 31 December 2015		As at 31 December 2014	
	Level 3	**Fair value**	Level 3	Fair value
	RMB'000	**RMB'000**	RMB'000	RMB'000
Commercial property units located in the PRC	**866,961**	**866,961**	90,506	90,506

The investment properties are depreciated over the period of the respective land use rights using the straight-line method.

21. DEPOSITS AND PREPAYMENTS

	2015	2014
	RMB'000	RMB'000
Prepayments for construction and acquisition of property, plant and equipment and land use rights	**50,000**	534,163
Deposit for acquisition of a joint venture (Note)	**—**	300,000
Rental deposits	**14,200**	14,200
	64,200	848,363

Note: On 28 December 2014, the Group entered into an agreement with the Vendors and Vendors' Guarantors (as defined in the Company's announcement dated 29 December 2014) pursuant to which the Group will acquire 51% of the equity interest in Suzhou Qianning Property Co., Ltd. ("Suzhou Qianning") at a consideration of RMB1,286.0 million. As at 31 December 2014, the Group has paid a refundable deposit of RMB300.0 million. On 30 October 2015, the Group entered into a termination agreement (as defined in the Company's announcement dated 30 October 2015) with the Vendors and Vendors' Guarantors pursuant to which the deposit would be refunded in two installments, namely no less than RMB50.0 million before 30 October 2015 and the balance before 15 December 2015. The two installments would bear interest at the rate of 12% per annum, with the default rate of 18% per annum. The first installment amounted of RMB50.0 million was received on 30 October 2015. In the opinion of the Directors of the Company, the remaining balances and the interest thereon would be repaid within the next twelve months and classified to other receivables.

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22. GOODWILL

	Amount
	RMB'000
COST	
At 1 January 2014	256,908
Addition (note 39)	6,271
At 31 December 2014 and 31 December 2015	263,179
ACCUMULATED IMPAIRMENT LOSSES	
At 1 January 2014 and 31 December 2014	—
Impairment losses recognised	245,515
At 31 December 2015	245,515
CARRYING VALUES	
At 31 December 2015	17,664
At 31 December 2014	263,179

Impairment testing on goodwill

For the purpose of impairment testing, goodwill has been allocated to the following cash-generating units (CGUs) and groups of CGUs which are principally engaged in the operation of department stores in respective cities, except for Make The Brand Limited and its subsidiaries which are engaged in the business of launching and management of contemporary fashion brands. At the end of the reporting period, the carrying amount of goodwill allocated to these units is as follows:

	31 December 2015 RMB'000	31 December 2014 RMB'000
Nantong Golden Eagle International Shopping Centre Co., Ltd.	**9,735**	9,735
Yangzhou Golden Eagle International Industry Co., Ltd.	**481**	481
Xuzhou Golden Eagle International Industry Co., Ltd.	**731**	731
Xi'an Golden Eagle International Shopping Centre Co., Ltd.	**6,717**	6,717
Xi'an Golden Eagle Yanta Shopping Centre Co., Ltd.	**—**	8,371
Anhui Golden Eagle Retail Co., Ltd. and Hefei Golden Eagle International Shopping Centre Co., Ltd.	**—**	230,873
Make The Brand Limited	**—**	6,271
	17,664	263,179

22. GOODWILL (CONTINUED)

Impairment testing on goodwill (Continued)

During the year ended 31 December 2015, the Group determined to suspense:

- its department store operation in Hefei City, Anhui Province. Accordingly, the Group recognised an impairment loss of RMB230,873,000 (2014: nil) in relation to goodwill allocated to Anhui Golden Eagle Retail Co., Ltd. and Hefei Golden Eagle International Shopping Centre Co., Ltd., which operate 3 department stores in Hefei City;
- its department store operates by Xi'an Golden Eagle Yanta Shopping Centre. Accordingly, the Group recognised an impairment loss of RMB8,371,000 (2014: nil) in relation to goodwill allocated to Xi'an Golden Eagle Yanta Shopping Centre Co., Ltd.

In addition, during the year ended 31 December 2015, the Group recognised an impairment loss of RMB6,271,000 (2014: nil) in relation to goodwill allocated to Make The Brand Limited because of its recurring loss positions.

The recoverable amounts of the remaining CGUs have been determined based on a value in use calculation of the respective CGUs which contain similar key assumptions. For the purpose of determining the value in use, cash flow projections based on financial budgets approved by management covering a five year period has been used. Nil growth rate has been projected beyond that period. The discount rate applied to the cash flow projections is 10% (2014: 10%) per annum.

22. GOODWILL (CONTINUED)

Key assumptions used in the value in use calculation for all CGUs

The following describes the key assumptions of the cash flow projections:

Revenue: The bases used to determine future earning potential are historical sales, the average and expected organic growth rates for stores operated by the Group and the average and expected growth rates of the retail market in the PRC.

Gross margins: Gross margins are determined based on average gross margins achieved in the previous years.

Cost of sales and operating expenses: The bases used to determine the values are cost of merchandise purchased for resale, staff costs, rental expenses, marketing and promotion expenses and other operating expenses. Value assigned to the key assumption reflects past experience and management's commitment to maintain its cost of sales and operating expenses at an acceptable level.

Discount rate: Discount rate reflects management's estimate on the risks specific to these entities. A consideration has been given to the effective borrowing rate of the Group while determining the discount rate.

Management of the Group believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of a particular CGU to exceed the aggregate recoverable amount.

23. INTERESTS IN ASSOCIATES

	2015 **RMB'000**	2014 RMB'000
Cost of interests in associates		
Listed	**228,560**	228,560
Unlisted	**102,749**	90,035
Share of post-acquisition losses and other comprehensive expenses	**3,529**	(10,311)
	334,838	308,284
Fair value of listed investments	**169,565**	273,531

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23. INTERESTS IN ASSOCIATES (CONTINUED)

As at the end of the reporting period, the Group had interests in the following associates:

Name of associate	Place of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/registered capital held by the Company		Principal activities
			2015	2014	
安徽三新鐘錶有限公司 (Anhui Sanxin Watch Co., Ltd.) ("Anhui Sanxin")	PRC	Registered capital – RMB20,000,000	**30%**	30%	Trading
中美聯合實業股份有限公司 (Allied Industrial Corp., Ltd.) ("Allied")	Taiwan	Share capital – TWD2,000,000,000	**38.4%**	38.4%	Manufacture and trading of disperse dyestuffs and investment holding
米斯特比薩金鷹餐飲管理(上海)有限公司 (Mr Pizza Golden Eagle Restaurant Management (Shanghai) Co., Ltd.)	PRC	Registered capital – RMB51,000,000	**41%**	41%	Operation of pizza restaurant
依洛金鷹國際股份有限公司 (iROO & Eagle International Co., Ltd.)	Hong Kong	Registered capital – USD10,000,000	**49%**	49%	Branded fashion
北京泡泡瑪特貿易有限公司 (Pop Mart (Beijing) Trading Co., Ltd.) ("Pop Mart Beijing")	PRC	Registered capital – RMB22,400,000	**20.7%**	19.9%	Branded fashion toys retailer
南京金鷹泡泡瑪特商貿有限公司 (Nanjing Golden Eagle Pop Mart Trading Co., Ltd.) ("Pop Mart Nanjing") (Note 2)	PRC	Registered capital – RMB20,000,000	**48%**	NA	Branded fashion toys retailer
Zanadu Holding Limited ("Zanadu") (Note 1)	British Virgin Islands	Registered capital – USD114.59	**NA**	16.6%	On-line travel agency

23. INTERESTS IN ASSOCIATES (CONTINUED)

Notes:

1. In 2015, the Group disposed of 16.6% equity interest in Zanadu at a consideration of RMB33,162,000. The calculation of gain on disposal is as follows:

	RMB'000
Proceeds received	33,162
Less: carrying amount of the 16.6% equity interests on the date of loss of significant influence	6,989
Gain on disposal	26,173

2. On 20 August 2015, the Group entered into a sale and purchase agreement with Pop Mart Beijing to dispose 32.1% equity interest of Pop Mart Nanjing. Prior to the disposal, Pop Mart Nanjing was a subsidiary of the Group. Upon the completion of the transaction, Pop Mart Nanjing become an associate of the Group. Details are set out in note 40.

Summarised financial information of material associate

Summarised financial information in respect of the Group's material associate, Allied, which represents amounts shown in Allied's financial statements prepared in accordance with HKFRSs, is set out below.

Allied

	2015	2014
	RMB'000	RMB'000
Current assets	**125,533**	176,210
Non-current assets	**619,719**	617,422
Current liabilities	**150,326**	185,150
Non-current liabilities	**25,085**	77,221

23. INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information of material associate (Continued)

Allied (Continued)

	2015 RMB'000	2014 RMB'000
Revenue	**172,036**	216,654
Profit for the year	**14,018**	20,066
Other comprehensive income (expense) for the year	**24,562**	(20,413)
Total comprehensive income (expense) for the year	**38,580**	(347)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Allied recognised in the consolidated financial statements:

	2015 RMB'000	2014 RMB'000
Net assets of Allied	**569,841**	531,261
Proportion of the Group's ownership interest in Allied	**38.4%**	38.4%
Effect of fair value adjustments at acquisition	**6,327**	6,327
Carrying amount of the Group's interest in Allied	**225,146**	210,331

Aggregate information of associates that are not individually material

	2015 RMB'000	2014 RMB'000
The Group's share of post-tax (loss) profit and total comprehensive (expense) income	**(291)**	(4,951)
Aggregate carrying amount of the Group's interests in these associates	**109,692**	97,953

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24. INTEREST IN A JOINT VENTURE

	2015 RMB'000
Cost of interest in a joint venture	
Unlisted	372,300
Share of post-acquisition loss and other comprehensive expenses	(1,693)
	370,607

As at the end of the reporting period, the Group had investment in the following joint venture:

Name of joint venture	Country of establishment and operations	Issued and fully paid registered capital	Effective proportion of registered capital held by the Company		Principal activity
			2015	2014	
揚州金鷹新城市中心實業有限公司 (Yangzhou Golden Eagle New City Centre Industrial Co., Ltd.) ("Yangzhou Golden Eagle New City")	PRC	Registered capital – RMB800,000,000	51% (Note)	NA	Real estate development and operation

Note: The Group holds 51% of the registered capital and voting power in general meeting of Yangzhou Golden Eagle New City. However, under the joint venture agreement, Yangzhou Golden Eagle New City is jointly controlled by the Group and the other party because the financial and operating decisions relating to the operation of Yangzhou Golden Eagle New City require unanimous consent of the Group and the other party. Therefore, Yangzhou Golden Eagle New City is classified as a joint venture of the Group.

24. INTEREST IN A JOINT VENTURE (CONTINUED)

Summarised financial information of material joint venture

Summarised financial information in respect of the Group's joint venture, Yangzhou Golden Eagle New City, which represents amounts shown in Yangzhou Golden Eagle New City's financial statements prepared in accordance with HKFRSs, is set out below.

Yangzhou Golden Eagle New City

	2015 RMB'000
Current assets	1,236,365
Non-current assets	125
Current liabilities	509,810

	2015 RMB'000
Revenue	—
Loss for the year and total comprehensive expense for the year	(3,320)

Reconciliation of the above summarised financial information to the carrying amount of the interest in joint venture recognised in the consolidated financial statements:

	2015 RMB'000
Net assets of Yangzhou Golden Eagle New City	726,680
Proportion of the Group's ownership interest in Yangzhou Golden Eagle New City	51%
Carrying amount of the Group's interest in Yangzhou Golden Eagle New City	370,607

25. AVAILABLE-FOR-SALE INVESTMENTS

	2015 RMB'000	2014 RMB'000
Equity securities stated at fair value		
– listed in the PRC	**166,480**	274,156
– listed in Hong Kong	**230,466**	68,398
Total	**396,946**	342,554

Fair values of equity securities listed in the PRC and Hong Kong are derived from quoted prices in active market.

26. INVESTMENT IN CONVERTIBLE BONDS

On 15 August 2011, the Group subscribed zero coupon convertible bonds (the "Bonds") issued by a trade supplier, Y2 International Company Limited (the "Issuer") for an aggregate consideration of RMB49,000,000 and due on 14 August 2016.

On 8 December 2014, the Group entered into an agreement with the shareholders' of the Issuer, pursuant to which the Group acquired 100% equity interests in the Issuer at the consideration of the Bonds. After the acquisition, the Issuer became a wholly-owned subsidiary of the Group. Details of this acquisition are set out in note 39.

Prior to the acquisition, the Bonds will, at the option of the Group, in whole or in part, be convertible into the Issuer's fully paid ordinary shares at any time from 15 August 2011 to 14 August 2016. The conversion ratio is determined on a pro-rata basis that the Group is able to convert the Bonds into 49% equity interests in the Issuer assuming full conversion had taken place. Taking into account the potential voting right the Group has (i.e. the conversion option to convert the Bonds into 49% equity interest in the Issuer), the Group may have the power to participate in the financial and operating policy decisions of the Issuer and hence may be able to exercise significant influence over the Issuer.

The Bonds may be redeemed, at the option of the Group, in whole or in part, at a premium of 4.5% per annum in arrear of the principal amount, from 15 August 2014 to 14 August 2016 or on the occurrence of a change of the Issuer's control.

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26. INVESTMENT IN CONVERTIBLE BONDS (CONTINUED)

If the Bonds have not been converted in whole or in part before 14 August 2016, the Issuer has an option to redeem the Bonds or request the Group to convert, within 14 days from 15 August 2016. If the Issuer chooses to redeem the Bonds, the Issuer is required to redeem the Bonds in less than one year from the date serving the notice to the Group.

The Bonds have been split into debt receivable component and derivative component. The effective interest rate of the debt receivable component is 16.6% per annum. The derivative component comprises of (i) an option of the Group to convert the Bonds into the Issuer's ordinary shares and (ii) an option of the Group to require the Issuer to redeem the Bonds from 15 August 2014 to 14 August 2016 (see above).

The fair value of the derivative component at 31 December 2013 and at the acquisition date were determined based on valuations carried out by an independent valuer. Binomial model has been used to estimate the fair value of the embedded options of the Bonds. The inputs into the model were as follows:

	8 December 2014
Risk-free interest rate	3.4%
Volatility	42.1%
Time to maturity	1.7 years

The movements of the straight debt receivable component and embedded derivatives of the convertible bonds during the year are set out as follows:

	Debt component RMB'000	**Derivative component** RMB'000	**Total** RMB'000
At 1 January 2014	40,543	15,506	56,049
Effective interest income recognised during the year (note 11)	4,523	—	4,523
Changes in fair value (note 10)	—	(3,783)	(3,783)
Transferred as consideration of acquisition (note 39)	(45,066)	(11,723)	(56,789)
At 31 December 2014 and 2015	—	—	—

27. DEFERRED TAXATION

The following is the analysis of deferred tax balances for financial reporting purposes:

	2015	2014
	RMB'000	RMB'000
Deferred tax assets	**141,500**	127,844
Deferred tax liabilities	**(206,568)**	(157,441)
	(65,068)	(29,597)

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years:

	Accelerated depreciation allowances	Undistributable profits of the PRC subsidiaries	Start up costs	Tax losses	Revaluation of investments	Deferred revenue	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014	115,655	1,750	(2,227)	(82,626)	4,716	(13,494)	6,101	29,875
Charge (credit) for the year (note 13)	22,142	51,386	(4,520)	(27,783)	–	5,635	3,629	50,489
Charge to other comprehensive income	–	–	–	–	619	–	–	619
Reversal on payment of withholding tax	–	(51,386)	–	–	–	–	–	(51,386)
At 31 December 2014	137,797	1,750	(6,747)	(110,409)	5,335	(7,859)	9,730	29,597
Charge (credit) for the year (note 13)	33,216	80,000	3,028	(19,197)	–	(370)	4,255	100,932
Charge to other comprehensive income	–	–	–	–	9,818	–	–	9,818
Acquisition of subsidiaries (note 39)	–	–	–	–	–	(185)	–	(185)
Disposal of a subsidiary (note 40)	–	–	–	406	–	–	–	406
Reversal on payment of withholding tax	–	(75,500)	–	–	–	–	–	(75,500)
At 31 December 2015	171,013	6,250	(3,719)	(129,200)	15,153	(8,414)	13,985	65,068

27. DEFERRED TAXATION (CONTINUED)

At the end of the reporting period, the Group has unused tax losses of RMB982,155,000 (2014: RMB625,221,000 (restated)) available for offset against future profits. A deferred tax asset has been recognised in respect of RMB516,801,000 (2014: RMB441,636,000) of such losses which were tax losses arising from the PRC and can be carried forward up to five years from the year in which the loss was originated to offset future taxable profits. No deferred tax asset has been recognised in respect of the remaining RMB465,354,000 (2014: RMB183,585,000 (restated)) which were mainly arising from Hong Kong and may be carried forward indefinitely, due to the unpredictability of future profit streams.

Pursuant to PRC Enterprise Income Tax laws, withholding tax is imposed on dividends declared by PRC subsidiaries of the Group in respect of profits earned from 1 January 2008 onwards. Deferred taxation has been provided for the portion of profits that are expected to be distributed by the PRC subsidiaries and no deferred taxation has been provided for the remaining profits of approximately RMB2,504 million as at 31 December 2015 (2014: RMB4,040 million) as the Group is able to control the timing of the distribution and it is probable that the amount will not be distributed in the foreseeable future.

28. TRADE AND OTHER RECEIVABLES

	2015 **RMB'000**	2014 RMB'000 (restated)
Trade receivables	**57,911**	54,873
Advance to suppliers	**61,544**	110,613
Deposits	**94,869**	69,550
Deposits paid for purchases of goods	**5,046**	1,490
Other taxes recoverable	**90,377**	86,596
Deposit refundable for acquisition of Suzhou Qianning (note 21)	**285,696**	—
Other receivables and prepayments	**248,002**	192,040
	843,445	515,162

The Group's trade customers mainly settled their debts by cash payments, either in the form of cash or debit cards, or credit card payments. The Group currently does not have a defined fixed credit policy as its trade receivables mainly arise from credit card sales. All trade receivables are aged within 15 days from the respective reporting dates and are not overdue as at the end of the reporting period. There was no credit period granted for the sales of motor vehicles and related services.

29. AMOUNTS DUE FROM RELATED COMPANIES

	2015 RMB'000	2014 RMB'000 (restated)
Yangzhou Golden Eagle New City (Note 1)	**150,000**	—
揚州金鷹新城市中心開發有限公司 (Yangzhou Golden Eagle New City Centre Development Co., Ltd.) (Note 1)	**359,825**	—
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)	**36,704**	3,563
上海金鷹天地實業有限公司 (Shanghai Golden Eagle Tiandi Industry Co., Ltd.) (Note 2)	**2,332**	2,837
馬鞍山金鷹天地實業有限公司 (Ma'anshan Golden Eagle Tiandi Industry Co., Ltd.) (Note 2)	**1,882**	—
金鷹申集團有限公司 (Golden Eagle Shen Group Co., Ltd.) (Note 2)	**1,500**	—
昆山金鷹置業有限公司 (Kunshan Golden Eagle Real Estate Co., Ltd.) ("Kunshan Golden Eagle Real Estate") (Note 2)	**1,431**	—
宿遷金鷹置業有限公司 (Suqian Golden Eagle Real Estate Co., Ltd.) (Note 2)	**1,103**	—
南通金鷹國際物業管理有限公司 (Nantong Golden Eagle International Properties Management Co., Ltd.) (Note 2)	**1,063**	414
雲南金鷹實業有限公司 (Yunnan Golden Eagle Industry Co., Ltd.) (Note 2)	**836**	3,061
Nanjing Golden Eagle Motor (Note 2)	**—**	8,409
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)	**—**	4,334
Others	**4,614**	1,145
	561,290	23,763

29. AMOUNTS DUE FROM RELATED COMPANIES (CONTINUED)

At 31 December 2015, the amounts due from Yangzhou Golden Eagle New City and its subsidiary are unsecured, interest free and repayable on demand.

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

Notes:

1. A joint venture of the Group and one of its wholly-owned subsidiary.

2. Fellow subsidiaries of the Group.

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

	2015	2014
	RMB'000	RMB'000
		(restated)
Investments in interest bearing instruments (Note 1)	**151,475**	2,318,818
Structured bank deposits (Note 2)	**1,816,647**	1,256,957
Restricted cash (Note 3)	**90,352**	32,789
Bank balances and cash (Note 4)	**2,232,437**	1,821,084
	4,290,911	5,429,648

30. INVESTMENTS IN INTEREST BEARING INSTRUMENTS, STRUCTURED BANK DEPOSITS, RESTRICTED CASH AND BANK BALANCES AND CASH (CONTINUED)

Notes:

1. At 31 December 2015, included in investments in interest bearing instruments of RMB151,475,000 represents the Group's investment in a restricted low risk debt instrument arranged by a bank in the PRC. The investment is principal guaranteed which carries variable rate of interest and is stated at amortised cost with effective interest of 3.9% per annum for a term of one year.

   At 31 December 2014, included in investments in interest bearing instruments of RMB1,568,418,000 (restated) represented the Group's investments in entrusted RMB loans or other restricted low risk debt instruments arranged by banks or trust companies in the PRC. The investments were principal guaranteed which carried variable rates of interest and were stated at amortised cost with effective interest from 4.3% to 6.5% per annum for a term of one month to one year. The remaining balance of RMB750,400,000 represented the Group's investments in trust funds managed by trust companies for terms of one month. These trust funds invest in debt instruments and the investments were fully settled in January 2015.

2. 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 2.8% to 5.0% (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 and guaranteed by the banks. In the opinion of the Directors of the Company, the fair value of embedded derivatives does not have material impacts on the results and financial position of the Group.

3. Restricted cash represents balances maintained in interest reserve accounts for the purpose of syndicated loans interest payments (note 33) and bank deposits restricted for settlement of bills payables and concessionaire sales of precious metal.

4. 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 year ended 31 December 2015 is approximately 0.3% (2014: 1.0%) per annum.

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

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31. BILLS, TRADE AND OTHER PAYABLES

	2015 RMB'000	2014 RMB'000 (restated)
Trade payables	**1,474,200**	1,397,578
Deposits and prepayments received from pre-sale of properties	**360,232**	—
Payable for property, plant and equipment	**201,685**	273,968
Other taxes payable	**84,400**	95,610
Suppliers' deposits	**144,126**	131,887
Accrued expense	**140,604**	97,449
Bills payables	**72,800**	18,200
Accrued salaries and welfare expenses	**64,069**	49,805
Interest payable	**12,395**	13,378
Other payables	**252,976**	220,765
	2,807,487	2,298,640

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

	2015 RMB'000	2014 RMB'000 (restated)
0 to 30 days	**1,079,014**	1,150,979
31 to 60 days	**180,230**	115,894
61 to 90 days	**83,832**	48,191
Over 90 days	**131,124**	82,514
	1,474,200	1,397,578

The credit period on purchases of goods is ranging from 30 to 60 days.

32. AMOUNTS DUE TO RELATED COMPANIES

	2015 RMB'000	2014 RMB'000 (restated)
南京金鷹國際實業有限公司 (Nanjing Golden Eagle International Industry Co., Ltd.) ("Nanjing Golden Eagle Industry") (Note 1)	**348,366**	—
Nanjing Construction and Development (Note 1)	**186,353**	223,889
Kunshan Golden Eagle Real Estate (Note 1)	**56,287**	—
Nanjing Golden Eagle Group (Note 1)	**56,275**	177,451
鹽城金國聯置業有限公司 (Yancheng Jinguolian Real Estate Co., Ltd.) (Note 1)	**6,275**	—
鹽城金鷹物業管理服務有限公司 (Yancheng Golden Eagle Properties Management Service Co., Ltd.) (Note 1)	**1,486**	—
南京金鷹物業資產管理有限公司 (Nanjing Golden Eagle Properties Assets Management Co., Ltd.) (Note 1)	**1,028**	110
Anhui Sanxin (Note 2)	**731**	40
Golden Star (Note 1)	**—**	20,000
Nanjing Golden Eagle Motor (Note 1)	**—**	13,128
Others	**1,904**	1,065
	658,705	435,683

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

Notes:

1. Fellow subsidiaries of the Group.

2. An associate of the Group.

33. BANK LOANS

	2015 RMB'000	2014 RMB'000 (restated)
Bank loans	**1,012,219**	1,013,835
Syndicated secured loan	**4,866,367**	2,112,608
	5,878,586	3,126,443
Secured	**5,644,867**	2,112,608
Unsecured	**233,719**	1,013,835
	5,878,586	3,126,443
Carrying amount repayable*:		
Within one year	**402,719**	3,126,443
More than one year, but not exceeding two years	**102,000**	—
More than two years, but not exceeding five years	**335,000**	—
More than five years	**172,500**	—
	1,012,219	3,126,443
Carrying amount of secured syndicated loan that is repayable on demand due to breach of covenants (shown under current liabilities)	**4,866,367**	—
	5,878,586	3,126,443
Less: Amounts due within one year shown under current liabilities	**5,269,086**	3,126,443
Amounts due after one year	**609,500**	—

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

At 31 December 2015, syndicated secured loan represents a dual currency three-year term loan, dominated in HKD and USD amounted to RMB867,551,000 and RMB3,998,816,000 respectively (equivalent to HKD1,052,000,000 and USD625,500,000 respectively) (2014: RMB524,646,000 and RMB1,587,962,000 respectively (equivalent to HKD665,000,000 and USD259,500,000 respectively)) from a group of financial institutions which will be due for full repayment in April 2018 (2014: April 2015) (the "Syndicated Loan"). The HKD denominated Syndicated Loan carries interest at HIBOR plus 2.3% (2014: HIBOR plus 2.3%) per annum and the USD denominated Syndicated Loan carries interest at LIBOR plus 2.3% (2014: LIBOR plus 2.3%) per annum. The effective interest rate ranges from 3.6% to 3.7% (2014: 3.6% to 3.9%) per annum.

33. BANK LOANS (CONTINUED)

As at 31 December 2015, with respect to the Syndicated Loan with a carrying amount of RMB4,866,367,000, the Group has breached certain financial covenants under the facility agreement. The Directors of the Company are of the view that it is unlikely that the lenders will demand immediate repayment. On discovery of the breach, the management of the Company informed the lenders and commenced a renegotiation of the revised terms of the facility agreement. As at 31 December 2015, these negotiations had not been concluded. Since consent waiver has not been obtained by the Company from the banks on such breach, the loan has been classified as a current liability as at 31 December 2015. Up to the date of this report, the negotiations were still in progress. The Directors of the Company are confident that the negotiations with the lenders will ultimately reach a successful consensus. Notwithstanding the Directors consider that it is unlikely that the lenders will demand immediate repayment, should the lenders call for immediate repayment of the loan, the Directors of the Company believe that adequate alternative sources of financing are available to ensure that there is no threat to the Group operating on a going concern basis.

The secured bank loans at the end of the reporting period were secured by pledge of assets, details of which are set out in note 45.

Bank loans denominated in currencies other than functional currencies of the relevant group entities are set out below:

	2015 **RMB'000**	2014 RMB'000
USD	**3,998,816**	2,079,012
HKD	**1,096,270**	1,037,431
	5,095,086	3,116,443

The carrying amount of the bank loans and the weighted average effective interest rates are as below:

	2015		2014	
	RMB'000	**%**	RMB'000 (restated)	% (restated)
Fixed rate bank loans	**783,500**	**5.4-6.6**	10,000	6.6
Floating rate bank loans	**5,095,086**	**2.0-3.7**	3,116,443	2.0-3.9
	5,878,586	**N/A**	3,126,443	N/A

34. DEFERRED REVENUE

	2015 RMB'000	2014 RMB'000
Prepayments from customers	**2,207,826**	2,486,732
Deferred revenue arising from the customer loyalty programme	**34,808**	32,935
	2,242,634	2,519,667

35. SENIOR NOTES

On 21 May 2013, the Company issued senior notes in the aggregate principal amount of USD400.0 million (equivalent to RMB2,476.2 million) (the "Notes") at USD398.4 million (equivalent to RMB2,466.1 million). The Notes carry fixed coupon rate of 4.625% per annum, payable semi-annually in arrears, and will mature on 21 May 2023, unless redeemed earlier. The proceeds of the Notes were used to refinance the Group's short-term bank loans and for other general corporate purposes, including capital expenditures.

At any time, the Company may at its option redeem the Notes, (1) in whole but not in part, at the principal amount, together with accrued and unpaid interest, if any, to the redemption date upon certain changes in the tax laws of certain tax jurisdictions, or (2) in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the applicable premium as of, and accrued and unpaid interest, if any, to the redemption date.

The Notes also contain a provision for redemption at the option of the noteholders at 101% of the principal amount of each Note, together with accrued and unpaid interest, if any, to the redemption date, upon a change of control triggering event.

The Notes contain a liability component and an early redemption option:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives. The interest charged for the year is calculated by applying an effective interest rate of approximately 4.796% per annum (2014: 4.797%) to the liability component since the Notes were issued at a discount.

(ii) Early redemption option is regarded as an embedded derivative closely related to the host contract and not separately accounted for.

During the year ended 31 December 2015, senior notes with principal amount of USD21,500,000 (equivalent to RMB134,784,000) were redeemed by the Group at discounted prices and net gains of approximately RMB25,822,000 were recognized in the profit or loss.

36. SHARE CAPITAL

	Number of shares	Amount
		HKD'000
Ordinary shares of HKD0.10 each		
Authorised:		
At 1 January 2014, 31 December 2014 and 31 December 2015	5,000,000,000	500,000
Issued and fully paid:		
At 1 January 2014	1,840,198,000	184,020
Shares repurchased and cancelled	(51,677,000)	(5,168)
Cancellation of treasury shares	(2,667,000)	(267)
Exercise of share options	158,000	16
At 31 December 2014	1,786,012,000	178,601
Shares repurchased and cancelled	(98,548,000)	(9,855)
Exercise of share options	221,000	22
At 31 December 2015	1,687,685,000	168,768

	RMB'000
Shown in the consolidated statement of financial position:	
At 31 December 2015	**177,532**
At 31 December 2014	185,282

36. SHARE CAPITAL (CONTINUED)

During the year, 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 Highest HKD	Price per share Lowest HKD	Aggregate consideration paid HKD'000
For the year ended 31 December 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**
July 2015	**24,171,000**	**10.52**	**8.98**	**243,587**
August 2015	**11,992,000**	**8.93**	**8.27**	**102,752**
September 2015	**17,510,000**	**9.14**	**8.30**	**150,358**
October 2015	**3,098,000**	**9.70**	**8.86**	**28,876**
November 2015	**729,000**	**9.90**	**9.80**	**7,172**
December 2015	**1,028,000**	**9.85**	**9.37**	**10,041**
	98,551,000			**985,606**
For the year ended 31 December 2014				
January 2014	9,615,000	10.19	9.69	95,027
March 2014	2,062,000	10.29	10.10	21,268
May 2014	25,270,000	9.61	9.45	241,889
June 2014	6,000,000	9.30	9.10	55,945
July 2014	4,730,000	9.48	9.08	43,856
August 2014	4,000,000	9.92	9.92	39,803
	51,677,000			497,788

36. SHARE CAPITAL (CONTINUED)

During the year, nominal value of HKD9,855,000 (2014: HKD5,168,000) (equivalent to RMB7,768,000 (2014: RMB4,025,000)) of the shares cancelled was credited to capital redemption reserve account, and the premium paid or payable and the related costs incurred for the repurchase of HKD975,751,000 (2014: HKD492,620,000) (equivalent to RMB779,815,000 (2014: RMB390,875,000)) was charged against share premium account of the Company.

In addition, during the year ended 31 December 2015, a total of 221,000 (2014: 158,000) ordinary shares of HKD0.10 each of the Company were issued at HKD4.20 (2014: HKD4.20) per share upon exercise of share options. These shares issued rank pari passu in all respects with the then existing shares.

During the year ended 31 December 2015, a total of 98,551,000 shares were repurchased, in which 98,548,000 shares were cancelled in 2015 and the remaining 3,000 shares were subsequently cancelled in January 2016. These 3,000 shares were recognized as treasury shares at 31 December 2015 in the consolidated statement of changes in equity.

37. RESERVES

Special reserve

The Group's special reserve represents amounts arising on a group reorganisation underwent prior to the listing of the Company's shares on the Stock Exchange in 2006.

Statutory surplus reserve

Pursuant to the relevant laws and regulations in the PRC applicable to subsidiaries registered as foreign investment enterprises (the "FIE Subsidiaries") and the Articles of Association of the FIE Subsidiaries, the FIE Subsidiaries are required to maintain a statutory surplus reserve fund, an enterprise expansion fund, and a staff welfare and bonus fund. Appropriations to these funds are made out of net profit after tax as reported in the statutory financial statements prepared in accordance with the applicable PRC accounting standards (the "PRC Accounting Profit") of the FIE Subsidiaries.

The FIE Subsidiaries are required to transfer 10% of its PRC Accounting Profit to the statutory surplus reserve fund until the balance reaches 50% of the registered capital of the FIE Subsidiaries. The statutory surplus reserve fund may be used to make up prior year losses, if any, and, with approval from relevant government authority, to increase capital.

Appropriation from the PRC Accounting Profit to the enterprise expansion fund is at the discretion of the board of directors of the FIE Subsidiaries. The enterprise expansion fund, subject to approval by relevant government authority, may also be used to increase capital.

37. RESERVES (CONTINUED)

Statutory surplus reserve (Continued)

No appropriation to the enterprise expansion fund has been made by the FIE Subsidiaries since their establishments.

Pursuant to the relevant laws and regulations in the PRC applicable to subsidiaries registered as domestic enterprises (the "Domestic Subsidiaries"), the Domestic Subsidiaries are required to maintain a statutory surplus reserve fund. The Domestic Subsidiaries are required to transfer 10% of its PRC Accounting Profit to the statutory surplus reserve fund until the balance reaches 50% of the registered capital of the Domestic Subsidiaries. The statutory surplus reserve fund may be used to make up prior year losses, if any, and to increase capital.

38. SHARE-BASED PAYMENTS

Pursuant to the Company's share option scheme approved by written resolutions of the then sole shareholder of the Company on 26 February 2006 (the "Share Option Scheme"), the Company 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 of directors of the Company, have contributed to the Group to subscribe for shares in the Company for a consideration of HKD1.00 for each lot of share options granted for the primary purpose of providing incentives to directors, eligible employees, consultants and advisors. The Share Option Scheme will remain effective for a period of ten years commencing from 26 February 2006.

The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the ordinary shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the ordinary shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to a substantial shareholder or an independent non-executive director in excess of 0.1% of the Company's share capital or with a value in excess of HKD5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within 30 days of the date of grant, upon payment of HKD1.00 for each lot of options. The exercise price is determined by the Directors of the Company, and will not be less than the higher of (i) the closing price of the ordinary shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing price of the ordinary shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant; and (iii) the nominal value of ordinary shares of the Company.

38. SHARE-BASED PAYMENTS (CONTINUED)

Details of specific categories of options are as follows:

Option series	Share option granted	Date of grant	Vesting proportion	Exercise period	Exercise price
					HKD
2008	18,000,000	05/12/2008	10%	05/12/2010 ~ 04/12/2018	4.20
			10%	05/12/2011 ~ 04/12/2018	4.20
			10%	05/12/2012 ~ 04/12/2018	4.20
			10%	05/12/2013 ~ 04/12/2018	4.20
			10%	05/12/2014 ~ 04/12/2018	4.20
			10%	05/12/2015 ~ 04/12/2018	4.20
			10%	05/12/2016 ~ 04/12/2018	4.20
			30%	05/12/2017 ~ 04/12/2018	4.20
2010	20,000,000	20/10/2010	10%	20/10/2011 ~ 19/10/2020	19.95
			10%	20/10/2012 ~ 19/10/2020	19.95
			10%	20/10/2013 ~ 19/10/2020	19.95
			10%	20/10/2014 ~ 19/10/2020	19.95
			10%	20/10/2015 ~ 19/10/2020	19.95
			10%	20/10/2016 ~ 19/10/2020	19.95
			10%	20/10/2017 ~ 19/10/2020	19.95
			30%	20/10/2018 ~ 19/10/2020	19.95

The following tables disclose movements of the Company's share options held by Directors and employees during both years:

	Outstanding at beginning of the year	Reclassification	Exercised during the year	Forfeited during the year	Outstanding at end of the year
For the year ended 31 December 2015					
Key management	3,130,000	(520,000)	(115,000)	(300,000)	2,195,000
Other employees	15,729,000	520,000	(106,000)	(748,000)	15,395,000
	18,859,000	–	(221,000)	(1,048,000)	17,590,000
Exercisable at 31 December 2015					11,309,000
Weighted average exercise price (HKD)	8.71	–	4.20	17.73	8.23

38. SHARE-BASED PAYMENTS (CONTINUED)

	Outstanding at beginning of the year	Reclassification	Exercised during the year	Forfeited during the year	Outstanding at end of the year
For the year ended 31 December 2014					
Key management	5,024,000	500,000	(64,000)	(2,330,000)	3,130,000
Other employees	17,073,000	(500,000)	(94,000)	(750,000)	15,729,000
	22,097,000	—	(158,000)	(3,080,000)	18,859,000
Exercisable at 31 December 2014					10,119,000
Weighted average exercise price (HKD)	10.01	—	4.20	18.26	8.71

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise was HKD10.59 (2014: HKD10.49).

The Group recognised total expenses of RMB5,120,000 (2014: RMB5,750,000) for the year ended 31 December 2015 in relation to share options granted by the Company.

The number of share options granted expected to vest has been reduced to reflect historical experience of forfeiture of options granted prior to completion of vesting period and accordingly the share option expense has been adjusted. At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in the profit and loss over the remaining vesting period, with a corresponding adjustment to the share option reserve.

39. ACQUISITIONS OF SUBSIDIARIES

In 2015

On 11 November 2015, the Group entered into an agreement with an independent third party to acquire 100% equity interests in Nantong Global Era Real Estate Development Co., Ltd. (thereafter renamed as Nantong Golden Eagle Real Estate Development Co., Ltd.) ("Nantong Global Era Real Estate"), Nantong Global Era Enterprises Co., Ltd. (thereafter renamed as Nantong Golden Eagle Enterprises Co., Ltd.) ("Nantong Global Era Enterprises"), and Wuhu Global Era Enterprises Co., Ltd. (thereafter renamed as Wuhu Golden Eagle Enterprises Co., Ltd.) ("Wuhu Global Era Enterprises") (hereinafter collectively referred to as the "Global Era Group") at an aggregated cash consideration of RMB100,000,000 (the "Global Era Acquisition"). The Global Era Acquisition was completed on 31 December 2015. Nantong Global Era Real Estate is principally engaged in the business of operation of a department store in Nantong City, Jiangsu Province. Nantong Global Era Enterprises is principally engaged in the business of property investment in Nantong City, Jiangsu Province. Wuhu Global Era Enterprises is principally engaged in the businesses of investment holding, property development, construction and investment, hotel development and operation and department store development and operation in Wuhu City, Anhui Province. The acquisition has been accounted for using the acquisition method.

Global Era Group was acquired to diversify the Group's business scope in the regions of Jiangsu and Anhui Provinces.

39. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

In 2015 (Continued)

Assets acquired and liabilities recognised of the Global Era Group at the date of acquisition are as below:

	31 December 2015 RMB'000
Current assets	
Cash and cash equivalents	14,254
Restricted cash	10,000
Trade and other receivables	44,541
Tax asset	10,030
Properties under development for sale	1,447,755
Completed properties for sale	14,799
Inventories	2,553
Non-current assets	
Property, plant and equipment	810,454
Investment properties	781,636
Deferred tax assets	185
Current liabilities	
Bills, trade and other payables	545,514
Amounts due to related companies	348,366
Amounts due to the Group	591,578
Short-term bank loans	169,000
Deferred revenue	964
Non-current liability	
Bank loans	609,500
Fair value of identifiable net assets acquired	871,285

39. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

In 2015 (Continued)

Goodwill arising on acquisition

	Global Era Group RMB'000
Consideration transferred	100,000
Less: fair value of identifiable net assets acquired	871,285
Bargain purchase gain	(771,285)

In the opinion of Directors of the Company, no material profit and revenue were attributable by the Global Era Group to the Group for the year, as the acquisition was completed on 31 December 2015.

Had this acquisition been completed on 1 January 2015, the revenue of the Group would have been RMB4,178,820,000 and profit for the year of the Group would have been RMB915,072,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2015, nor is it intended to be a projection of future results.

In 2014

On 18 April 2014, the Group entered into an agreement with an independent third party to acquire 60% equity interests in Make The Brand Limited ("MTB") and its subsidiaries (the "MTB Group") at a cash consideration of RMB10,429,000 and the transaction was completed on 18 April 2014. This acquisition has been accounted for using the acquisition method. The MTB Group's principal activities are launching and management of contemporary fashion brands throughout the Greater Asia region.

On 8 December 2014, the Group entered into an agreement with the shareholders of Y2 International Company Limited ("Y2"), pursuant to which the Group acquired 100% equity interests in Y2 and its subsidiaries (the "Y2 Group") for the consideration of the value of the Bonds (as defined in note 26), and the transaction was complete on 8 December 2014. After the acquisition, Y2 became a wholly-owned subsidiary of the Group and all rights and obligations under the Bonds are discharged and cancelled. Y2 Group's principal activities are trading of jewellery.

MTB Group and Y2 Group were acquired to diversify the product lines available to the Group's customers.

39. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

In 2014 (Continued)

Assets acquired and liabilities recognised of the MTB Group and the Y2 Group at the dates of acquisitions are as below:

	MTB Group	Y2 Group	Total
	RMB'000	RMB'000	RMB'000
Current assets			
Cash and cash equivalents	8,764	1,612	10,376
Trade and other receivables	58	4,695	4,753
Inventories	—	50,050	50,050
Non-current assets			
Property, plant and equipment	621	1,832	2,453
Current liabilities			
Bills, trade and other payables	(1,897)	(1,400)	(3,297)
Bank loan	(616)	—	(616)
Fair value of identifiable net assets acquired	6,930	56,789	63,719

Goodwill arising on acquisition

	MTB Group	Y2 Group	Total
	RMB'000	RMB'000	RMB'000
Consideration transferred	10,429	—	10,429
Extinguishment of the Bonds	—	56,789	56,789
Plus: non-controlling interests	2,772	—	2,772
Less: fair value of identifiable net assets acquired	(6,930)	(56,789)	(63,719)
Goodwill	6,271	—	6,271

39. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

In 2014 (Continued)

Goodwill arising on acquisition (Continued)

The non-controlling interests (40%) in the MTB Group recognised at the acquisition date was measured by reference to the proportionate share of fair value of identifiable net assets of the MTB Group, which amounted to RMB2,772,000.

Goodwill arose in the acquisition of the MTB Group because the cost of acquisition includes the amounts in relation to the benefits of expected synergies, revenue growth and the future expansion of direct sales business bring forth to the Group. These benefits were not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purpose.

Included in the profit for the year ended 31 December 2014 was a loss of RMB7,227,000 attributed from the MTB Group, and a loss of RMB225,000 attributed from the Y2 Group. Revenue for the year included RMB184,000 in respect of the MTB Group and RMB779,000 in respect of the Y2 Group.

Had these acquisitions been completed on 1 January 2014, the revenue of the Group would have been RMB3,988,725,000, and the profit for the year of the Group would have been RMB1,076,762,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2014, nor is it intended to be a projection of future results.

Net cash flow on acquisition of subsidiaries for the year ended 31 December 2015 and 2014 are shown as below:

	Year ended 31 December 2015 RMB'000	Year ended 31 December 2014 RMB'000
Consideration paid in cash	**(100,000)**	(10,429)
Amounts due from Global Era Group	**(591,578)**	—
Less: cash and cash equivalent balances acquired	**14,254**	10,376
	(677,324)	(53)

40. DISPOSAL OF A SUBSIDIARY

During the year, the Group entered into an agreement with an associate, Pop Mart Beijing, to dispose of its 32.1% equity interests in Pop Mart Nanjing, which carried out trading of branded fashion toys, to Pop Mart Beijing. The disposal was completed on 31 August 2015. The Group's equity interest in Pop Mart Nanjing was reduced from 80.1% to 48%. Since the control over Pop Mart Nanjing was lost, Pop Mart Nanjing became an associate of the Group.

Consideration received

	2015 RMB'000
Cash	**6,937**

Analysis of assets and liabilities over which control was lost

	31 August 2015 RMB'000
Current assets	
Cash and cash equivalents	**1,292**
Trade and other receivables	**2,910**
Inventories	**4,820**
Non-current assets	
Property, plant and equipment	**3,202**
Deferred tax assets	**406**
Current liability	
Bills, trade and other payables	**3,850**
	8,780

40. DISPOSAL OF A SUBSIDIARY (CONTINUED)

Gain on disposal of a subsidiary

	2015 RMB'000
Consideration received	6,937
Interest in an associate	4,214
Non-controlling interests	1,747
Net assets disposed of	(8,780)
Gain on disposal	4,118

Net cash inflow on disposal of a subsidiary

	2015 RMB'000
Consideration received in cash	6,937
Less: cash and cash equivalent balances disposed of	(1,292)
	5,645

41. ACQUISITION OF ASSETS IN A SUBSIDIARY

On 15 October 2014, the Group entered into a sales and purchase agreement with an independent third party for the acquisition of 100% equity interests in Changzhou Chuangda Assets Management Co., Ltd. ("Changzhou Chuangda") for a consideration of RMB80,000,000. On the date of acquisition, Changzhou Chuangda owned a property in Changzhou City, Jiangsu Province, and the Group was leasing a portion of the property for department store operation. After the acquisition, Changzhou Chuangda became a wholly-owned subsidiary of the Group.

In the opinion of the Directors of the Company, the above acquisitions in 2014 does not constitute business combination in accordance with HKFRS 3 *Business Combination* and as such, the acquisitions have been accounted for as acquisition of assets.

41. ACQUISITION OF ASSETS IN A SUBSIDIARY (CONTINUED)

Net assets acquired in the transactions are as follows:

	Changzhou Chuangda RMB'000
Property, plant and equipment	82,766
Other payables	(2,766)
	80,000
Satisfied by:	
Cash consideration paid	80,000
Net cash outflow on acquisition	
Cash consideration paid	80,000
Less: cash and cash equivalents acquired	—
	80,000

42. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2015, deposits for acquisition of property, plant and equipment amounted to RMB434,163,000 (2014: RMB700,376,000) had been transferred to property, plant and equipment account upon the completion of construction of the relevant department stores.

During the year ended 31 December 2014, RMB56,789,000, representing the fair value of the Bonds at date of acquiring Y2, was transferred as consideration for the acquisition of 100% equity interests in Y2.

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43. OPERATING LEASE ARRANGEMENTS

The Group as leasee

At the end of the 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:

	2015	2014
	RMB'000	RMB'000
		(restated)
Within one year	**47,008**	44,361
In the second to fifth year inclusive	**189,777**	306,798
Over five years	**658,452**	1,160,405
	895,237	1,511,564

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

	2015	2014
	RMB'000	RMB'000
Within one year	**6,090**	5,147
In the second to fifth year inclusive	**164**	5,147
	6,254	10,294

Other than the above-mentioned minimum lease payment contracts, the Group also entered into contingent lease contracts with certain landlords, which include 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. During the year ended 31 December 2015, the amount of contingent rental recognized as expenses were approximately RMB173,300,000 (2014: RMB140,505,000).

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

43. OPERATING LEASE ARRANGEMENTS (CONTINUED)

The Group as lessor

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

	2015 RMB'000	2014 RMB'000
Within one year	**187,654**	139,088
In the second to fifth year inclusive	**459,468**	389,392
Over five years	**144,993**	84,837
	792,115	613,317

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 under these contingent lease contracts during the year ended 31 December 2015 amounted to RMB192,005,000 (2014: RMB117,708,000).

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

44. CAPITAL COMMITMENTS

	2015 RMB'000	2014 RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– acquisition of property, plant and equipment and land use rights (Note 1)	**572,906**	885,666
– acquisition of a joint venture	**35,700**	986,000
– interest in an associate	**30,764**	30,764
– interest in a subsidiary	**—**	10,200
	639,370	1,912,630
Capital expenditure contracted for but not fully approved:		
– acquisition of a subsidiary (Note 2)	**—**	25,000

Notes:

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

2. The sale and purchase agreements entered into on 3 December 2014 by the Group with Nanjing Golden Eagle Motor for the acquisition of 100% equity interests in the Motor Entities at an aggregated consideration of RMB25,000,000 were completed during the year ended 31 December 2015.

45. PLEDGE OF ASSETS

At 31 December 2015, the Group has pledged the equity interests of certain of its subsidiaries and created fixed and floating charges over the assets of these subsidiaries to secure the Syndicated Loan granted to the Group. Assets with the following carrying amounts have been pledged to secure the Syndicated Loan:

	2015 RMB'000	2014 RMB'000
Available-for-sale investments	**214,000**	68,398
Restricted cash	**39,945**	17,104
Bank balances and cash	**129,694**	33,452
	383,639	118,954

45. PLEDGE OF ASSETS (CONTINUED)

Assets with the following carrying amounts have been pledged to secure general banking facilities granted to the Group:

	2015 RMB'000	2014 RMB'000 (restated)
Property, plant and equipment	**1,104,204**	—
Restricted cash	**44,224**	4,331
	1,148,428	4,331

46. RETIREMENT BENEFITS SCHEMES

The employees of the PRC subsidiaries are members of state-managed retirement benefits schemes operated by the local PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

The Group also operates a Mandatory Provident Fund Scheme for all employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes a certain percentage of the relevant payroll costs to the scheme, which contribution is matched by the employees.

The total expense recognised in profit or loss of RMB56,003,000 (2014: RMB46,432,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes. As at 31 December 2015 and 31 December 2014, there was no outstanding contributions payable to the schemes.

47. RELATED PARTY TRANSACTIONS

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

a) Transactions:

Relationship with related companies	Nature of transactions	2015 RMB'000	2014 RMB'000
Fellow subsidiaries	Decoration service fee paid	**121,554**	259,367
	Property and ancillary facilities rentals paid	**128,916**	94,168
	Property management fee paid	**70,465**	70,131
	Project management service fee paid	**8,991**	20,971
	Carpark management service fee paid	**2,492**	2,160
	Management fee received	**3,783**	—
	Rental income received	**2,203**	—
Associates	Purchase of merchandise	**7,688**	16,620

b) Compensation of key management personnel:

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

	2015 RMB'000	2014 RMB'000
Salaries and other benefits	**5,093**	4,840
Retirement benefits schemes contributions	**518**	418
Equity-settled share-based payments	**1,638**	2,018
	7,249	7,276

The remuneration of Directors and other members of key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

48. PARTICULARS OF SUBSIDIARIES

Name of subsidiary	Place/Country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/ registered capital held by the Company		Principal activities
			2015	2014	
Goldjoint Group Limited (Note 1)	British Virgin Islands	Share – USD1	**100%**	100%	Investment holding
Golden Eagle International Trading Limited (金鷹國際貿易有限公司)	Hong Kong	Share – HKD10,000	**100%**	100%	Investment holding
Eagle Ride Ventures Limited (鷹威企業有限公司)	British Virgin Islands	Share – USD300	**100%**	100%	Investment holding
Golden Eagle (Korea) Company Limited (金鷹(韓國)有限公司)	Hong Kong	Share – HKD7,800,000	**51%**	51%	Investment holding
Golden Eagle Co., Ltd.	Korea	Registered capital – Korea (South) Won 1,000,000,000	**51%**	51%	Trading
Make The Brand Limited	Hong Kong	Share – HKD10	**60%**	60%	Investment holding
Make The Brand Inc.	United States	Share – nil	**60%**	60%	Investment holding
Skinmint Holdings LLC	United States	Share – USD100,000	**60%**	60%	Launch and management of Contemporary fashion brands
Golden Ning (Hong Kong) Limited (金寧(香港)有限公司)	Hong Kong	Share – HKD100	**100%**	100%	Investment holding

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48. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place/Country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/ registered capital held by the Company		Principal activities
			2015	2014	
Golden Eagle & Wonderplace Fashion (HK) Co. Ltd.	Hong Kong	Share – HKD13,000,000	**51%**	51%	Investment holding
Jin Heng Sheng (HK) Jewelry Co. Limited (香港金恒升珠寶有限公司) (formerly known as Y2 International Company Limited (恒一國際品牌有限公司))	Hong Kong	Share – HKD94	**100%**	100%	Investment holding and jewellery trading
iPoints Reward (HK) Company Limited (愛積分(香港)有限公司)	Hong Kong	Share – HKD1	**100%**	100%	On-line trading
金鷹國際商貿股份有限公司	Taiwan	Share – TWD10,000,000	**100%**	100%	Inactive
金鷹國際商貿集團(中國)有限公司 (Golden Eagle International Retail Group (China) Co., Ltd.) ("Nanjing Golden Eagle") (Note 2)	PRC	Registered capital – RMB1,137,000,000	**100%**	100%	Investment holding and operation of department store
南通金鷹國際購物中心有限公司 (Nantong Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB20,000,000	**100%**	100%	Operation of department store
揚州金鷹國際實業有限公司 (Yangzhou Golden Eagle International Industry Co., Ltd.)	PRC	Registered capital – RMB40,000,000	**100%**	100%	Investment holding and operation of department store
蘇州金鷹國際購物中心有限公司 (Suzhou Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB20,000,000	**100%**	100%	Inactive

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48. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place/Country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/ registered capital held by the Company		Principal activities
			2015	2014	
徐州金鷹國際實業有限公司 (Xuzhou Golden Eagle International Industry Co., Ltd.)	PRC	Registered capital – RMB60,000,000	**100%**	100%	Operation of department store
西安金鷹雁塔購物中心有限公司 (Xi'an Golden Eagle Yanta Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB1,000,000	**100%**	100%	Inactive
西安金鷹國際購物中心有限公司 (Xi'an Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB100,000,000	**100%**	100%	Investment holding and operation of department store
泰州金鷹商貿有限公司 (Taizhou Golden Eagle Retail Co., Ltd.)	PRC	Registered capital – RMB40,000,000	**100%**	100%	Operation of department store
昆明金鷹購物廣場有限公司 (Kunming Golden Eagle Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB930,000,000	**100%**	100%	Operation of department store
南京金鷹珠江路購物中心有限公司 (Nanjing Golden Eagle G-City Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB20,000,000	**100%**	100%	Operation of department store
淮安金鷹國際購物中心有限公司 (Huai'an Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB100,000,000	**100%**	100%	Operation of department store
鹽城金鷹國際購物中心有限公司 (Yancheng Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB240,000,000	**100%**	100%	Operation of department store

48. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place/Country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/ registered capital held by the Company		Principal activities
			2015	2014	
上海金鷹國際購物廣場有限公司 (Shanghai Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB40,000,000	**100%**	100%	Operation of department store
南京金鷹商貿特惠中心有限公司 (Nanjing Golden Eagle Retail Outlet Co., Ltd.)	PRC	Registered capital – RMB10,000,000	**100%**	100%	Operation of department store
南京仙林金鷹購物中心有限公司 (Nanjing Xianlin Golden Eagle Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB15,000,000	**100%**	100%	Operation of department store
連雲港金鷹國際購物中心有限公司 (Lianyungang Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB100,000,000	**100%**	100%	Operation of department store
昆山金鷹國際購物中心有限公司 (Kunshan Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB100,000,000	**100%**	100%	Operation of department store
南京金鷹國際貿易有限公司 (Nanjing Golden Eagle Industry Co., Ltd.)	PRC	Registered capital – RMB10,000,000	**100%**	100%	Investment holding and trading
宿遷金鷹國際購物中心有限公司 (Suqian Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB100,000,000	**100%**	100%	Operation of department store
南京建鄴金鷹購物中心有限公司 (Nanjing Jianye Golden Eagle Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB100,000,000	**100%**	100%	Operation of department store

48. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place/Country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/ registered capital held by the Company		Principal activities
			2015	2014	
淮北金鷹國際購物中心有限公司 (Huaibei Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB30,000,000	**100%**	100%	Operation of department store
合肥金鷹國際購物中心有限公司 (Hefei Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB30,000,000	**100%**	100%	Operation of department store
安徽金鷹商貿有限公司 (Anhui Golden Eagle Retail Co., Ltd.)	PRC	Registered capital – RMB15,000,000	**100%**	100%	Investment holding and operation of department store
常州金鷹國際購物中心有限公司 (Changzhou Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB300,000,000	**100%**	100%	Operation of department store
溧陽金鷹國際購物中心有限公司 (Liyang Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB272,000,000	**100%**	100%	Operation of department store
常州金鷹嘉宏購物廣場有限公司 (Changzhou Golden Eagle Jiahong Shopping Centre Co., Ltd.) ("Jiahong Golden Eagle") (Note 2)	PRC	Registered capital – USD10,000,000	**100%**	100%	Operation of department store
昆明金鷹南亞購物中心有限公司 (Kunming Golden Eagle Nanya Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB60,000,000	**100%**	100%	Operation of department store

48. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place/Country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/ registered capital held by the Company		Principal activities
			2015	2014	
徐州金鷹人民廣場購物中心有限公司 (Xuzhou Golden Eagle People Square Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB40,000,000	**100%**	100%	Operation of department store
雲南尚美投資管理有限公司 (Yunnan Shangmei Investment Management Co., Ltd.)	PRC	Registered capital – RMB156,000,000	**100%**	100%	Property holding
常州武進金鷹購物中心有限公司 (Changzhou Wujin Golden Eagle Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB70,000,000	**100%**	100%	Operation of department store
西安金鷹北城購物中心有限公司 (Xi'an Golden Eagle Beicheng Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB80,000,000	**100%**	100%	Operation of department store
南京江寧金鷹購物中心有限公司 (Nanjing Jiangning Golden Eagle Shopping Centre Co., Ltd.) ("Jiangning Golden Eagle") (Note 2)	PRC	Registered capital – RMB280,000,000	**100%**	100%	Operation of department store
蘇州高新金鷹商業廣場有限公司 (Suzhou Gaoxin Golden Eagle Plaza Co., Ltd.)	PRC	Registered capital – RMB621,430,000	**100%**	100%	Operation of department store
南京金鷹購電子商務有限公司 (Nanjing iPoints Business Management Co., Ltd.)	PRC	Registered capital – RMB23,000,000	**100%**	100%	On-line trading

48. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place/Country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/ registered capital held by the Company		Principal activities
			2015	2014	
南京金鷹優享餐飲管理有限公司 (Nanjing Golden Eagle Enjoy Excellent Catering Trade Management Co., Ltd)	PRC	Registered capital – RMB500,000	**100%**	100%	Management of restaurants
丹陽金鷹國際購物中心有限公司 (Danyang Golden Eagle International Shopping Centre Co., Ltd.) ("Danyang Golden Eagle") (Note 2)	PRC	Registered capital – USD20,000,000	**100%**	100%	Operation of department store
鹽城金鷹聚龍湖購物中心有限公司 (Yancheng Golden Eagle Julonghu Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB100,000,000	**100%**	100%	Operation of department store
南通金鷹圓融購物中心有限公司 (Nantong Golden Eagle Yuanrong Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB200,000,000	**100%**	100%	Operation of department store
Pop Mart Nanjing	PRC	Registered capital – RMB10,000,000	**N/A**	80.1%	Branded fashion toys retailer
常州創達資產經營有限公司 (Changzhou Chuangda Assets Management Co., Ltd.)	PRC	Registered capital – RMB80,000,000	**100%**	100%	Property holding
金鷹國際海洋世界 (常州) 有限公司 (Golden Eagle International Ocean World (Changzhou) Co., Ltd.) ("Changzhou Ocean World") (Note 2)	PRC	Registered capital – USD6,500,000	**100%**	100%	Operation of aquarium

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48. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place/Country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/ registered capital held by the Company		Principal activities
			2015	2014	
金鷹國際海洋世界(南京)管理有限公司 (Golden Eagle International Ocean World (Nanjing) Management Co., Ltd.) ("Nanjing Ocean World") (Note 2)	PRC	Registered capital – RMB62,000,000	**100%**	NA	Investment holding
金鷹國際海洋世界鹽城有限公司 (Golden Eagle International Ocean World Yancheng Co., Ltd.)	PRC	Registered capital – RMB30,000,000	**100%**	NA	Operation of aquarium
金鷹國際海洋世界宿遷有限公司 (Golden Eagle International Ocean World Suqian Co., Ltd.)	PRC	Registered capital – RMB30,000,000	**100%**	NA	Operation of aquarium
南京金鷹奇跡商貿有限公司 (Nanjing Golden Eagle Wonderplace Trading Co., Ltd.) ("Golden Eagle Wonderplace") (Note 2)	PRC	Registered capital – RMB40,000,000	**51%**	51%	Trading
馬鞍山金鷹國際購物中心有限公司 (Ma'anshan Golden Eagle International Shopping Centre Co., Ltd.) ("Ma'anshan Golden Eagle")	PRC	Registered capital – RMB100,000,000	**100%**	100%	Operation of department store
上海恒一鑽石貿易有限公司 (Shanghai Heng Yi Diamond Trading Co., Ltd.) ("Shanghai Hengyi") (Note 2)	PRC	Registered capital – USD300,000	**100%**	100%	Jewellery trading
南京金恒升珠寶有限公司 Nanjing Jinhengsheng Jewellery Co., Ltd. ("Nanjing Jinhengsheng") (Note 2) (formerly known as 南京恒一國際貿易有限公司)	PRC	Registered capital – RMB22,000,000	**100%**	100%	Jewellery trading

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For the year ended 31 December 2015

48. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place/Country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/ registered capital held by the Company		Principal activities
			2015	2014	
南京金鷹蘇星汽車銷售服務有限公司 (Nanjing Golden Eagle Suxing Motor Sales Co., Ltd.)	PRC	Registered capital – RMB11,000,000	**100%**	100%	Automobile sales
南京金鷹蘇星機動車檢測有限公司 (Nanjing Golden Eagle Suxing Motor Inspection Co., Ltd.)	PRC	Registered capital – RMB5,000,000	**100%**	100%	Provision of automobile inspection services
南京蘇星汽車銷售服務有限公司 (Nanjing Suxing Motor Sales Co., Ltd.)	PRC	Registered capital – RMB2,000,000	**100%**	100%	Automobile distribution and exhibition
南通金鷹國際房地產開發有限公司 (Nantong Golden Eagle Real Estate Development Co., Ltd.)	PRC	Registered capital – RMB20,000,000	**100%**	NA	Operation of department store
南通金鷹國際實業有限公司 (Nantong Golden Eagle Enterprises Co., Ltd.)	PRC	Registered capital – RMB20,000,000	**100%**	NA	Property investment
蕪湖金鷹國際實業有限公司 (Wuhu Golden Eagle Enterprises Co., Ltd.)	PRC	Registered capital – RMB253,599,156	**100%**	NA	Property development and operation
蕪湖金鷹濱江世紀發展有限公司 (Wuhu Golden Eagle Riverside Century Development Co., Ltd.)	PRC	Registered capital – RMB550,000,000	**100%**	NA	Property development and operation

48. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Notes:

1. Goldjoint Group Limited is held directly by the Company.

2. All of the PRC subsidiaries are companies registered as limited liability companies under the PRC law, except for Nanjing Golden Eagle, Jiahong Golden Eagle, Jiangning Golden Eagle, Danyang Golden Eagle, Changzhou Ocean World, Nanjing Ocean World, Golden Eagle Wonderplace, Shanghai Hengyi and Nanjing Jinhengsheng which are registered as a wholly-foreign owned enterprise with limited liability under the PRC law.

3. None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year and none of the subsidiaries had issued any debt securities at the end of the year.

49. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Statement of financial position of the Company at the end of the reporting period includes:

	2015	2014
	RMB'000	RMB'000
Assets		
Property, plant and equipment	**7**	13
Interests in and amounts due from unlisted subsidiaries	**2,742,027**	3,093,670
Interests in and amounts due from associates	**—**	6,897
Available-for-sale investments	**3,096**	4,005
Other receivables	**16**	19
Amounts due from fellow subsidiaries	**337**	250
Bank balances and cash	**61,665**	27,528
	2,807,148	3,132,382
Liabilities		
Other payables	**16,523**	16,062
Senior notes	**2,433,255**	2,419,569
	2,449,778	2,435,631
Net assets	**357,370**	696,751
Capital and reserves		
Share capital (see note 36)	**177,532**	185,282
Reserves	**179,838**	511,469
Total equity	**357,370**	696,751

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49. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Movement in reserves

	Distributable reserve RMB'000	Treasury shares RMB'000	Capital redemption reserve RMB'000	Investment revaluation reserve RMB'000	Share option reserve RMB'000	Total RMB'000
At 1 January 2014	380,185	(210)	14,112	(140)	43,657	437,604
Profit for the year	980,980	—	—	—	—	980,980
Net loss on fair value changes of available-for-sale investments	—	—	—	(433)	—	(433)
Total comprehensive income (expense) for the year	980,980	—	—	(433)	—	980,547
Shares repurchased and cancelled	(395,095)	—	4,025	—	—	(391,070)
Cancellation of treasury shares	—	210	—	—	—	210
Exercise of share options	729	—	—	—	(264)	465
Transfer of share option reserve upon forfeiture of share options	2,135	—	—	—	(2,135)	—
Recognition of equity-settled share-based payments	—	—	—	—	5,750	5,750
Dividends recognised as distribution	(522,037)	—	—	—	—	(522,037)
At 31 December 2014	446,897	—	18,137	(573)	47,008	511,469
Profit for the year	898,242	—	—	—	—	898,242
Net loss on fair value changes of available-for-sale investments	—	—	—	(909)	—	(909)
Total comprehensive income (expense) for the year	898,242	—	—	(909)	—	897,333
Shares repurchased and cancelled	(787,583)	—	7,768	—	—	(779,815)
Shares repurchased but not cancelled	(23)	—	—	—	—	(23)
Exercise of share options	1,085	—	—	—	(368)	717
Transfer of share option reserve upon forfeiture of share options	1,884	—	—	—	(1,884)	—
Recognition of equity-settled share-based payments	—	—	—	—	5,120	5,120
Dividends recognised as distribution	(454,963)	—	—	—	—	(454,963)
At 31 December 2015	105,539	—	25,905	(1,482)	49,876	179,838