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

2016 中期報告
Interim Report

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 1,217,741 square meters as at 30 June 2016. 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 30 June 2016, approximately 61.9% of the total gross floor area of our stores are located in self-owned properties. In order to capture opportunities for development, the Group also secured high-quality properties by entering into long-term leases for ten years or longer, hence minimising the impact of rental increase in the operation of our stores. We also have rental leases calculated on the basis of a percentage of sales proceeds of relevant stores.

ENRICHING CONTROLLABLE MERCHANDISE RESOURCES AND PROMOTING COMPREHENSIVE LIFESTYLE CENTERS

Capitalizing on the development trends of the retailing industry targeting on mid-to-high-end market segments in China, the Group accelerated its strategic transformation from fashion department store to "Comprehensive Lifestyle Center". The Group has introduced various functional and innovative amenities, such as dining, entertainment, gourmet supermarket G-Mart, aquarium, shared office, wedding photo studio, 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, 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 in order to continue to optimise merchandise mix and services offerings to further enhance our competitiveness and drive sales and profit growth. As at 30 June 2016, the Group operated 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 32.4% of the Group's total operating area.

Corporate Profile

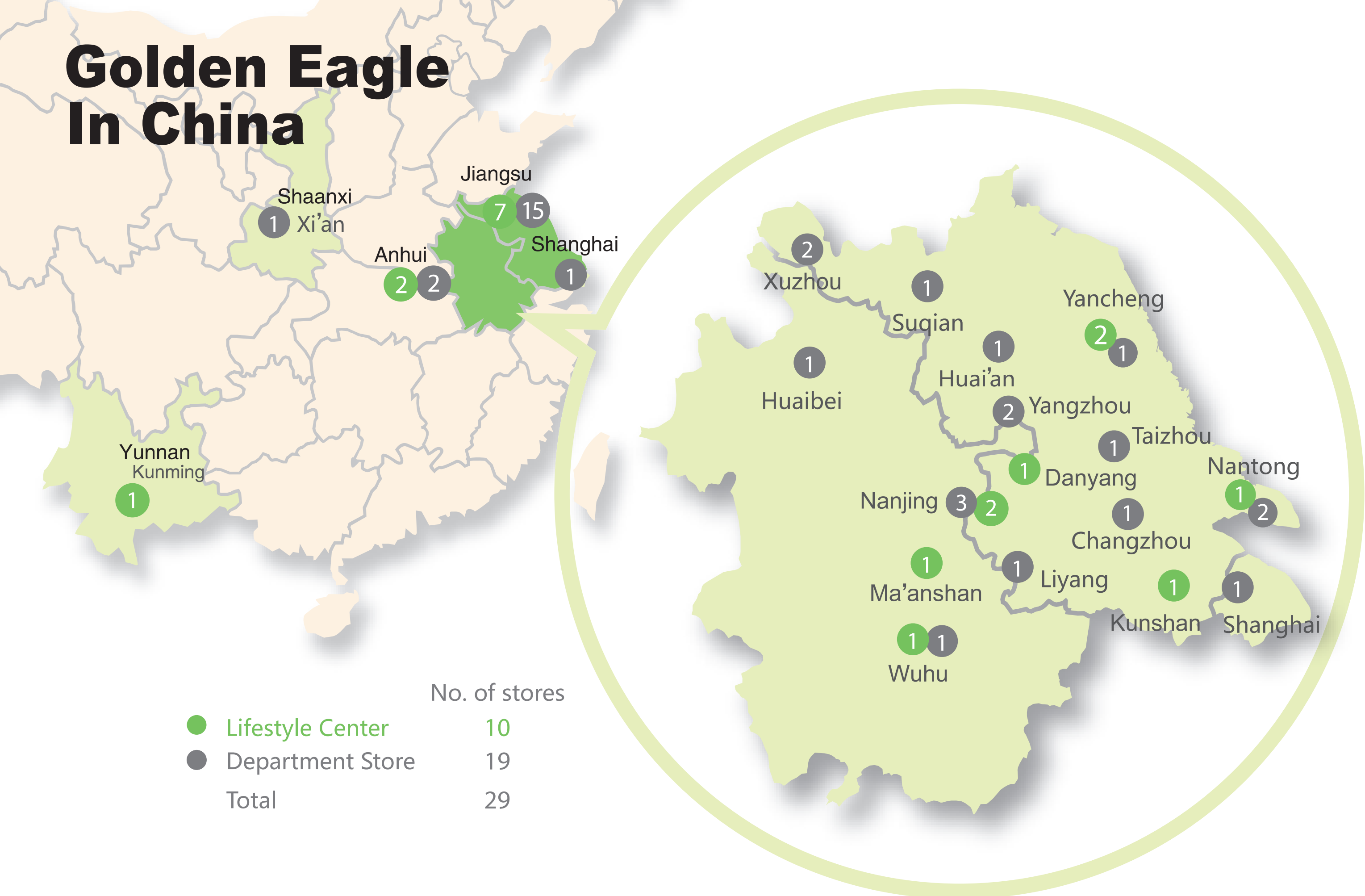
DEDICATED TO PROVIDING TARGET CUSTOMERS WITH HIGH QUALITY AND INNOVATIVE VALUE-ADDED VIP SERVICES AND COMPREHENSIVE ONLINE AND OFFLINE SHOPPING EXPERIENCE

The Group endeavors to enhance the quality and enrich the content of VIP customer services. The Group's VIP membership card covers online and offline comprehensive lifestyle services in various functions including fashion shopping, dining and leisure, hotel services, high-end second car sales and comprehensive automobile services, an iPoints reward points redemption platform and "金鷹購 Jinying.com". The Group also fully utilises omni-channel marketing through the mobile phone application "goodee mobile App" (掌上金鷹) (the "App"), the WeChat social network platform and the "Electronic VIP Card" to build and develop marketing channels with high efficiency at low cost, so as to effectively deliver real-time information on sales promotion to customers, enhance customers' shopping experience and allow customers to enjoy various VIP value-added services more easily and thus further stimulate their shopping sentiment. As at 30 June 2016, the App has registered over 5.47 million downloads of which 1.36 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 2.50 million loyal VIP customers. During the period under review, spending of the VIP customers accounted for 54.6% of the Group's total gross sales proceeds.

LOCALISED OPERATIONAL STRATEGIES WITH WORLDWIDE MANAGEMENT PERSPECTIVE

The Group appreciates the dedication and contributions of its employees and fosters their capabilities, competence and worldwide perspectives by conducting regular professional training sessions and overseas study trips for both the management and employees. The Group also implements localised management systems for each local market. For each of its stores, the Group recruits local talents to form a management team such that the Group can utilise their local knowledge on the respective markets. As at 30 June 2016, the Group has approximately 6,280 employees.

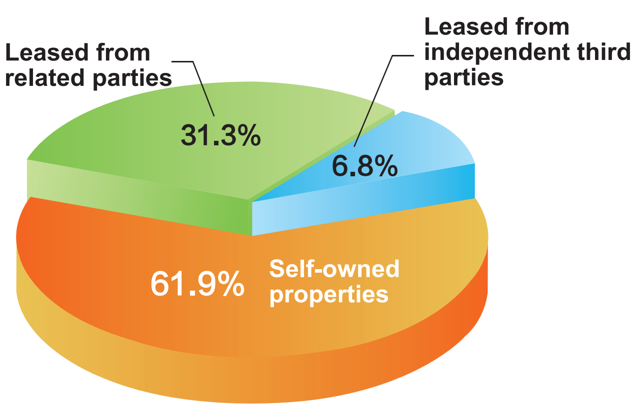
Golden Eagle In China



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
1	Nanjing Xinjiekou Store #	85,303	29,242	114,545
2	Nantong Store	9,297		9,297
3	Yangzhou Store	37,562	3,450	41,012
4	Xuzhou Store	59,934		59,934
5	Xi'an Gaoxin Store	27,287		27,287
6	Taizhou Store	58,374		58,374
7	Kunming Store #	116,817		116,817
8	Nanjing Zhujiang Road Store		33,578	33,578
9	Huai'an Store	55,768		55,768
10	Yancheng Store #	95,904		95,904
11	Yangzhou Jinghua Store		29,598	29,598
12	Shanghai Store		19,668	19,668
13	Nanjing Hanzhong Store		12,462	12,462
14	Nanjing Xianlin Store		42,795	42,795
15	Anhui Huaibei Store		34,714	34,714
16	Changzhou Jiahong Store	18,362	34,183	52,545
17	Suqian Store	65,410		65,410
18	Liyang Store	53,469	18,355	71,824
19	Xuzhou People's Square Store	37,457		37,457
20	Yancheng Outlet Store		18,377	18,377
21	Yancheng Julonghu Store #		110,848	110,848
22	Nantong Lifestyle Store #	94,700		94,700

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



* As a percentage of total gross floor area (square meters) as at 30 June 2016

In the format of lifestyle center

Corporate Information

EXECUTIVE DIRECTOR
Mr. Wang Hung, Roger

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Wong Chi Keung
Mr. Lay Danny J
Mr. Wang Sung Yun, Eddie

REGISTERED OFFICE
Cricket Square, Hutchins Drive, P.O. Box 2681
Grand Cayman 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)

AUTHORISED 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
Industrial and Commercial Bank of China
Shanghai Pudong Development Bank
The Bank of East Asia (China)

PRINCIPAL BANKERS IN HONG KONG
Bank of China
Bank of Communications
Bank of Shanghai
BNP Paribas
Citi Bank
DBS Bank
East West Bank
Hang Seng Bank
Hongkong and Shanghai Banking Corporation
Industrial and Commercial Bank of China (Asia)
Natixis
Taipei Fubon Commercial Bank
The Bank of East Asia

AUDITOR
Deloitte Touche Tohmatsu
35th Floor, One Pacific Place
88 Queensway, Hong Kong

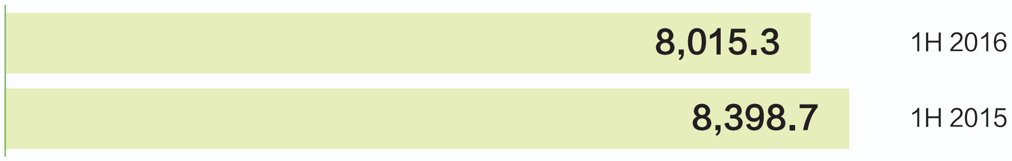
HONG KONG LEGAL ADVISORS
F. Zimmern & Co.
Rooms 1002-3, 10th Floor, York House
The Landmark, 15 Queen's Road Central, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

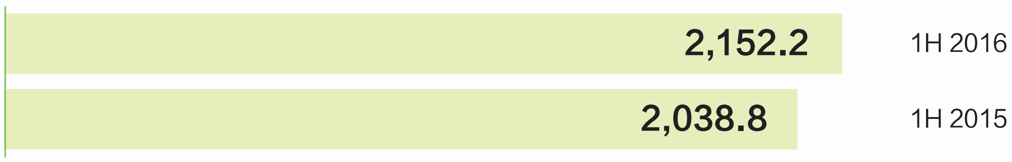
HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE (BRANCH REGISTRAR)
Computershare Hong Kong Investor Services Limited
Shop 1712-16, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

Financial Highlights

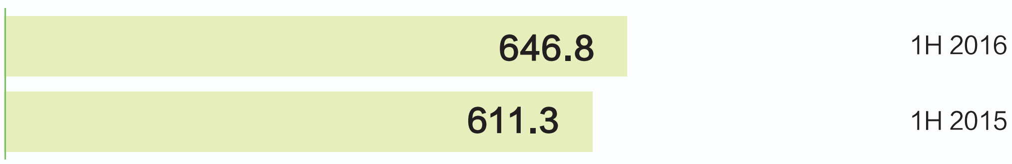
Gross Sales Proceeds (RMB Million)



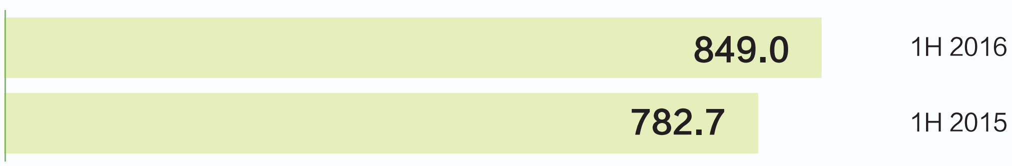
Revenue (RMB Million)



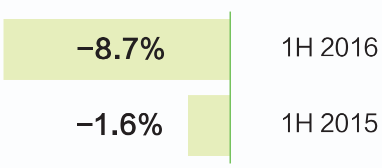
Profit from Operations (RMB Million)



Profit from Operations before Depreciation and Amortisation (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!

Interim Results and Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2016

The board (the "Board") of directors (the "Directors") of Golden Eagle Retail Group Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2016, together with unaudited comparative figures for the corresponding period in 2015. The unaudited condensed consolidated interim results have not been audited, but have been reviewed by the auditor, Messrs. Deloitte Touche Tohmatsu, and the audit committee of the Company (the "Audit Committee").

		Six months ended 30 June	
	NOTES	**2016**	2015
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue	3	**2,152,240**	2,038,760
Other income, gains and losses	5	**(8,154)**	345,175
Changes in inventories of merchandise		**(744,782)**	(714,424)
Cost of properties sold		**(43,140)**	—
Employee benefits expense		**(225,358)**	(234,367)
Depreciation and amortisation of property, plant and equipment and investment properties		**(186,821)**	(156,894)
Release of prepaid lease payments on land use rights		**(15,453)**	(14,544)
Rental expenses		**(107,179)**	(97,633)
Other expenses		**(330,382)**	(371,586)
Share of (loss) profit of associates		**(9,513)**	6,318
Share of loss of a joint venture		**(1,505)**	(113)
Finance income	6	**95,306**	117,254
Finance costs	7	**(153,626)**	(108,320)
Profit before tax		**421,633**	809,626
Income tax expense	8	**(195,430)**	(225,055)
Profit for the period	9	**226,203**	584,571
Profit (loss) for the period attributable to:			
Owners of the Company		**228,629**	586,310
Non-controlling interests		**(2,426)**	(1,739)
		226,203	584,571
Earnings per share			
– Basic (RMB per share)	11	**0.136**	0.330
– Diluted (RMB per share)	11	**0.136**	0.328

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited
Profit for the period	**226,203**	584,571
Other comprehensive (expense) income:		
Items that may be subsequently reclassified to profit or loss:		
(Loss) profit on fair value changes of available-for-sale investments	**(72,399)**	72,777
Reclassified to profit or loss on disposal of available-for-sale investments	**(6,652)**	(66,975)
Income tax relating to items that may be reclassified to profit or loss	**11,557**	4,843
Share of exchange difference of associates	**17,659**	207
Other comprehensive (expense) income for the period (net of tax)	**(49,835)**	10,852
Total comprehensive income for the period	**176,368**	595,423
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	**178,794**	597,162
Non-controlling interests	**(2,426)**	(1,739)
	176,368	595,423

Condensed Consolidated Statement of Financial Position

At 30 June 2016

	NOTES	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited & restated)
Non-current assets			
Property, plant and equipment	12	**7,770,490**	7,716,165
Land use rights - non-current portion		**2,114,206**	2,142,400
Investment properties		**852,220**	866,026
Deposits and prepayments		**60,219**	64,200
Goodwill		**17,664**	17,664
Interests in associates		**411,744**	334,838
Interest in a joint venture		**369,102**	370,607
Available-for-sale investments		**446,999**	396,946
Deferred tax assets		**167,281**	156,325
		12,209,925	12,065,171
Current assets			
Inventories		**475,517**	536,468
Properties under development for sale		**1,483,107**	1,447,755
Completed properties for sale		**14,799**	14,799
Trade and other receivables	13	**644,292**	843,445
Land use rights - current portion		**56,382**	56,382
Amounts due from related companies	14	**635,795**	561,290
Tax assets		**18,758**	11,744
Financial assets at fair value through profit or loss	15	**57,109**	—
Investments in interest bearing instruments	16	**484,464**	151,475
Structured bank deposits	16	**1,701,857**	1,816,647
Restricted cash	16	**71,071**	90,352
Bank balances and cash	16	**1,946,894**	2,232,437
		7,590,045	7,762,794

Condensed Consolidated Statement of Financial Position

At 30 June 2016

	NOTES	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited & restated)
Current liabilities			
Bills, trade and other payables	17	**2,235,308**	2,807,487
Amounts due to related companies	18	**379,561**	658,705
Financial liabilities at fair value through profit or loss	15	**737,249**	—
Bank loans	19	**451,768**	5,269,086
Tax liabilities		**258,017**	266,363
Deferred revenue	20	**2,160,563**	2,242,634
		6,222,466	11,244,275
Net current assets (liabilities)		**1,367,579**	(3,481,481)
Total assets less current liabilities		**13,577,504**	8,583,690
Non-current liabilities			
Bank loans	19	**5,555,386**	609,500
Senior notes		**2,485,397**	2,433,254
Deferred tax liabilities		**448,130**	432,954
		8,488,913	3,475,708
Net assets		**5,088,591**	5,107,982
Capital and reserves			
Share capital	21	**176,518**	177,532
Reserves		**4,895,328**	4,911,279
Equity attributable to owners of the Company		**5,071,846**	5,088,811
Non-controlling interests		**16,745**	19,171
Total equity		**5,088,591**	5,107,982

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	Attributable to owners of the Company												
	Share capital RMB'000 (note 21)	Treasury shares RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Special reserve RMB'000	Investment revaluation reserve RMB'000	Exchange reserve RMB'000	Share option reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Total RMB'000	Attributable to non-controlling interests RMB'000	Total RMB'000
At 1 January 2016 (audited & restated)	**177,532**	–	–	**25,905**	**217,228**	**88,986**	**(13,549)**	**49,876**	**959,710**	**3,583,123**	**5,088,811**	**19,171**	**5,107,982**
Profit (loss) for the period	–	–	–	–	–	–	–	–	–	**228,629**	**228,629**	**(2,426)**	**226,203**
Other comprehensive (expense) income for the period	–	–	–	–	–	**(67,494)**	**17,659**	–	–	–	**(49,835)**	–	**(49,835)**
Total comprehensive (expense) income for the period	–	–	–	–	–	**(67,494)**	**17,659**	–	–	**228,629**	**178,794**	**(2,426)**	**176,368**
Shares repurchased and cancelled	**(1,018)**	–	–	**1,018**	–	–	–	–	–	**(88,176)**	**(88,176)**	–	**(88,176)**
Shares repurchased but not cancelled	–	**(71)**	**(307)**	–	–	–	–	–	–	**(5,549)**	**(5,927)**	–	**(5,927)**
Exercise of share options	**4**	–	**307**	–	–	–	–	**(102)**	–	–	**209**	–	**209**
Transfer of share option reserve upon forfeiture of share options	–	–	–	–	–	–	–	**(327)**	–	**327**	–	–	–
Dividends recognised as distribution (note 10)	–	–	–	–	–	–	–	–	–	**(101,865)**	**(101,865)**	–	**(101,865)**
At 30 June 2016 (unaudited)	**176,518**	**(71)**	–	**26,923**	**217,228**	**21,492**	**4,110**	**49,447**	**959,710**	**3,616,489**	**5,071,846**	**16,745**	**5,088,591**
At 1 January 2015 (audited)	185,282	–	175,025	18,137	217,228	16,057	(22,870)	47,008	944,998	3,859,253	5,440,118	4,777	5,444,895
Profit (loss) for the period	–	–	–	–	–	–	–	–	–	586,310	556,310	(1,739)	584,571
Other comprehensive income for the period	–	–	–	–	–	10,645	207	–	–	–	10,852	–	10,852
Total comprehensive income (expense) for the period	–	–	–	–	–	10,645	207	–	–	586,310	597,162	(1,739)	595,423
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	9,866	9,866
Shares repurchased and cancelled	(2,315)	–	(270,674)	2,315	–	–	–	–	–	(2,315)	(272,989)	–	(272,989)
Shares repurchased but not cancelled	–	(719)	(75,643)	–	–	–	–	–	–	–	(76,362)	–	(76,362)
Exercise of share options	18	–	1,071	–	–	–	–	(364)	–	–	725	–	725
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	1,520	–	–	1,520	–	1,520
Transfer of share option reserve upon forfeiture of share options	–	–	–	–	–	–	–	(1,884)	–	1,884	–	–	–
Acquisition of subsidiaries under common control	–	–	(25,000)	–	–	–	–	–	–	–	(25,000)	–	(25,000)
Dividends recognised as distribution (note 10)	–	–	–	–	–	–	–	–	–	(268,489)	(268,489)	–	(268,489)
At 30 June 2015 (unaudited)	182,985	(719)	(195,221)	20,452	217,228	26,702	(22,663)	46,280	944,998	4,176,643	5,396,685	12,904	5,409,589

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net cash used in operating activities	**(245,962)**	(100,403)
Investing activities:		
Investments in structured bank deposits	**(16,821,910)**	(14,638,300)
Redemption of structured bank deposits	**16,942,788**	14,213,550
Investments in interest bearing instruments	**(329,000)**	(3,099,000)
Redemption of interest bearing instruments	—	4,324,380
Purchase of available-for-sale investments	**(1,110,610)**	(1,376,632)
Proceeds from disposal of available-for-sale investments	**988,158**	1,383,541
Additions to property, plant and equipment	**(207,998)**	(905,111)
Refund of deposit paid for acquisition of a joint venture	**230,000**	—
Deposit paid for acquisition of a joint venture	**(10,219)**	—
Amounts advanced to a joint venture	**(60,290)**	(170,000)
Capital contribution to a joint venture	—	(372,300)
Investments in associates	**(68,760)**	—
Placement of restricted cash	**(71,071)**	(59,054)
Withdrawal of restricted cash	**90,352**	53,285
Income received from investments in interest bearing instruments	—	49,262
Income received from structured bank deposits	**60,749**	49,543
Interest received from bank deposits	**2,732**	2,561
Proceeds on disposal of property, plant and equipment	**1,367**	1,864
Dividends received from equity investments	**518**	35
Net cash used in investing activities	**(363,194)**	(542,376)
Financing activities:		
Amounts raised from financial liabilities at fair value through profit or loss	**675,290**	—
New bank loans raised	**348,546**	3,768,777
Repayment of bank loans	**(353,883)**	(2,704,871)
Interest paid	**(150,581)**	(94,110)
Dividends paid to owners of the Company	**(101,865)**	(268,489)
Shares repurchase	**(94,103)**	(349,351)
Proceeds on exercise of share options	**209**	726
Distribution to the shareholders	—	(45,000)
Capital contribution from non-controlling interests	—	9,866
Net cash generated from financing activities	**323,613**	317,548
Net decrease in cash and cash equivalents	**(285,543)**	(325,231)
Cash and cash equivalents at 1 January	**2,232,437**	1,821,084
Cash and cash equivalents at 30 June, representing bank balances and cash	**1,946,894**	1,495,853

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

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

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

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values.

Except for the accounting policies of financial liabilities at fair value through profit or loss ("FVTPL") and revenue recognition from sales of properties and hotel operation which are new during the current period and the adoption of amendments of standards as set out below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which Hong Kong Financial Reporting Standard ("HKFRS") 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are measured 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 interest paid on the financial liabilities and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 22.

Revenue recognition

Revenue from sales of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included in the condensed consolidated statement of financial position under current liabilities.

Revenue from hotel room rental, food and beverage sales and other ancillary services is recognised when the services are rendered.

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

3. REVENUE

An analysis of the Group's revenue for the six months ended 30 June 2016 is as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Commission income from concessionaire sales	**1,007,430**	1,060,756
Direct sales	**894,663**	860,147
Rental income	**140,205**	102,061
Sales of properties	**58,632**	—
Automobile services fees	**13,023**	15,796
Management fees	**20,070**	—
Hotel operations	**18,217**	—
	2,152,240	2,038,760

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

Gross sales proceeds

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Concessionaire sales	**6,701,034**	7,266,558
Direct sales	**1,042,096**	1,005,729
Rental income	**149,238**	108,175
Sales of properties	**67,180**	—
Automobile services fees	**15,021**	18,233
Management fees	**21,285**	—
Hotel operations	**19,435**	—
	8,015,289	8,398,695

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

4. SEGMENT INFORMATION

HKFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the executive directors and chief executive officer, being the chief operating decision 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 operations at Nanjing, Changzhou, Liyang, Danyang and Kunshan

– Northern Jiangsu Province, including operations at Nantong, Yangzhou, Xuzhou, Taizhou, Huai'an, Yancheng and Suqian

– Western region of the PRC, including operations at Xi'an and Kunming

– Others represent the total of other operating segments that are individually not significant

In the opinion of CODM, the property development and hotel operations are still insignificant during the period and no separate segment information is reviewed by the CODM.

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

	Southern Jiangsu Province RMB'000 (unaudited)	Northern Jiangsu Province RMB'000 (unaudited)	Western region of the PRC RMB'000 (unaudited)	Total reportable segment RMB'000 (unaudited)	Others RMB'000 (unaudited)	Total RMB'000 (unaudited)
For the six months ended 30 June 2016						
Gross sales proceeds	2,734,073	3,817,396	708,329	7,259,798	755,491	8,015,289
Segment revenue	810,045	861,396	155,717	1,827,158	325,082	2,152,240
Segment results	257,025	391,726	73,601	722,352	(35,478)	686,874
Central administration costs and Directors' salaries						(40,120)
Other gains and losses						(155,783)
Share of loss of associates						(9,513)
Share of loss of a joint venture						(1,505)
Finance income						95,306
Finance costs						(153,626)
Profit before tax						421,633
Income tax expense						(195,430)
Profit for the period						226,203

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

4. SEGMENT INFORMATION *(Continued)*

	Southern Jiangsu Province RMB'000 (unaudited)	Northern Jiangsu Province RMB'000 (unaudited)	Western region of the PRC RMB'000 (unaudited)	Total reportable segment RMB'000 (unaudited)	Others RMB'000 (unaudited)	Total RMB'000 (unaudited)
For the six months ended 30 June 2015						
Gross sales proceeds	2,860,489	4,082,867	916,561	7,859,917	538,778	8,398,695
Segment revenue	773,235	877,576	181,836	1,832,647	206,113	2,038,760
Segment results	219,741	396,181	80,397	696,319	(40,487)	655,832
Central administration costs and Directors' salaries						(44,538)
Other gains and losses						183,193
Share of profit of associates						6,318
Share of loss of a joint venture						(113)
Finance income						117,254
Finance costs						(108,320)
Profit before tax						809,626
Income tax expense						(225,055)
Profit for the period						584,571

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

5. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Other income		
Income from suppliers and customers	**140,621**	152,960
Government grants	**4,824**	8,125
Others	**2,184**	897
	147,629	161,982
Other gains and losses		
Net foreign exchange (losses) gains	**(157,916)**	11,813
Dividend income from equity investments	**518**	35
Changes in fair value of held-for-trading investments	**4,972**	104,370
Changes in fair value of financial assets/liabilities at fair value through profit or loss	**(10,009)**	—
Investment revaluation reserve reclassified to profit or loss on disposal of available-for-sale investments	**6,652**	66,975
	(155,783)	183,193
	(8,154)	345,175

6. FINANCE INCOME

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Income from structured bank deposits	**66,837**	64,623
Income from investments in interest bearing instruments	**3,989**	50,070
Interest income on bank deposits	**2,732**	2,561
Interest income on deposit paid for acquisition of Suzhou Qianning (note 13)	**21,748**	—
	95,306	117,254

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

7. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest expenses on:		
Bank loans	**120,385**	68,305
Senior notes	**57,128**	58,610
	177,513	126,915
Less: amounts capitalised in the cost of qualifying assets	**(23,887)**	(18,595)
	153,626	108,320

Finance costs capitalised during the six months ended 30 June 2016 are calculated by applying a weighted average capitalisation rate of 4.1% (six months ended 30 June 2015: 4.0%) per annum.

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
PRC Enterprise Income Tax ("EIT"):		
Current period	**176,110**	197,054
Under (over) provision in prior periods	**3,542**	(1,245)
	179,652	195,809
Deferred tax charge:		
Current period	**15,778**	29,246
	195,430	225,055

No provision for taxation in Hong Kong has been provided as the Group had no assessable profit arised in or derived from Hong Kong.

Pursuant to the relevant PRC EIT laws, subsidiaries of the Group in the PRC are subject to PRC EIT rate of 25% (six months ended 30 June 2015: 25%), except for Xi'an Golden Eagle International Shopping Centre Co., Ltd. which was granted on 24 April 2014 a preferential income tax rate of 15% effective from 1 January 2013 for 8 years.

9. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	**174,683**	155,851
Amortisation of investment properties	**12,138**	1,043
Release of prepaid lease payments on land use rights	**28,194**	23,396
Less: amounts capitalised	**(12,741)**	(8,852)
	15,453	14,544
Loss on disposal of property, plant and equipment	**302**	364

10. DIVIDENDS

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Dividends recognised as distribution during the period:		
Final dividend for the year ended 31 December 2015 of RMB0.060 (year ended 31 December 2014: RMB0.151) per share	**101,865**	268,489

Subsequent to the end of the interim period, the Directors of the Company have resolved that an interim cash dividend of RMB0.050 (six months ended 30 June 2015: RMB0.110) per share and a special cash dividend of RMB0.168 (six months ended 30 June 2015: nil) per share, resulting an aggregate dividend of RMB0.218 (six months ended 30 June 2015: RMB0.110) per share, will be paid to the owners of the Company whose names appear in the Register of Members on 7 September 2016.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

11. EARNINGS PER SHARE

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

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

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**228,629**	586,310

	Six months ended 30 June	
	2016	2015
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,678,958**	1,779,385
Effect of dilutive potential ordinary shares attributable to share options	**6,373**	7,618
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,685,331**	1,787,003

Certain outstanding share options of the Company have not been included in the computation of diluted earnings per share as they did not have dilutive effect to the Company's earnings per share during both the six months ended 30 June 2016 and 30 June 2015 because the exercise prices of these options were higher than the average market prices of the Company's shares during both periods.

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND LAND USE RIGHTS

During the interim period, additions to property, plant and equipment amounted to RMB125,578,000 (six months ended 30 June 2015: RMB1,172,737,000) were recorded for construction and renovation of the Group's new department stores and amounted to RMB105,099,000 (six months ended 30 June 2015: RMB61,461,000) were recorded for construction, renovation and expansion of the Group's existing stores in order to expand and/or upgrade its operating capabilities.

13. TRADE AND OTHER RECEIVABLES

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Trade receivables	**27,638**	57,911
Trade prepayments to suppliers	**67,183**	66,590
Deposits	**94,388**	94,869
Other taxes recoverable	**128,727**	90,377
Deposit refundable for acquisition of Suzhou Qianning (Note)	**77,444**	285,696
Other receivables and prepayments	**248,912**	248,002
	644,292	843,445

Note: On 28 December 2014, the Group entered into an agreement with the vendors and the vendors' guarantors pursuant to which the Group will acquire 51% of the equity interest in Suzhou Qianning Property Co., Ltd. ("Suzhou Qianning") and a refundable deposit of RMB300 million, which was secured by the 97.167% equity interest in 南京東方投資集團有限公司 (Nanjing Oriental Investment Group Co., Ltd.) and the entire equity interest in 江蘇天地實業投資集團有限公司 (Jiangsu Tiande Industrial Investment Group Co., Ltd.) held by the vendors' guarantors, was paid in the same year. On 30 October 2015, the Group entered into a termination agreement with the vendors and vendors' guarantors pursuant to which the deposit would be refunded in two instalments, namely no less than RMB50 million before 30 October 2015 and the balance before 15 December 2015. The two instalments would bear interest at the rate of 12% per annum, with the default rate of 18% per annum. The first instalment amounted of RMB50 million was received on 30 October 2015 and part of the second instalment amounted of RMB230 million was received in the current period.

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

Trade receivables amounted of RMB25,242,000 (31 December 2015: RMB55,705,000) for department store operations were aged within 15 days from the respective reporting dates and the remaining trade receivables were aged within 90 days from the respective reporting dates.

14. AMOUNTS DUE FROM RELATED COMPANIES

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
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") (Note 1)	**150,000**	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.) ("Yangzhou Golden Eagle New City Development") (Note 1)	**420,115**	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)	**35,915**	36,704
南京仙林金鷹天地科技實業有限公司 (Nanjing Xianlin Golden Eagle Tiandi Technology Industry Co., Ltd.) (Note 2)	**7,396**	1,018
泰州金鷹天地投資管理有限公司 (Taizhou Golden Eagle Tiandi Investment Management Co., Ltd.) (Note 2)	**3,717**	634
昆山金鷹置業有限公司 (Kunshan Golden Eagle Real Estate Co., Ltd.) ("Kunshan Golden Eagle Real Estate") (Note 2)	**3,394**	1,431
Others (Note 3)	**15,258**	11,678
	635,795	561,290

At 30 June 2016, the amounts due from Yangzhou Golden Eagle New City and its wholly-owned subsidiary, Yangzhou Golden Eagle New City Development, are non-trade in nature and the remaining amounts represent prepayments made for the Group's operations which are unsecured, interest free and repayable on demand, all aged within one year.

Notes:

1. Joint ventures of the Group.
2. Fellow subsidiaries of the Group.
3. Fellow subsidiaries and an associate of the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

15. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Financial assets at fair value through profit or loss	**57,109**	—
Financial liabilities at fair value through profit or loss	**737,249**	—

During the interim period, the Group entered into several gold commodity agreements with banks for financing purposes. According to the agreements, the Group borrows gold commodities from the banks, which permit the Group to sell such to third parties, and the Group is obliged to return the same quality and weight of gold commodities within six months when the agreements expire. The obligations to return the gold commodities are recognised as financial liabilities which are measured at the gold market prices. The Group manages its risk exposure to return gold commodity obligations from gold market price fluctuations by using gold forward contracts, which are measured at the gold forward prices, that are not designated as hedging instrument.

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

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Investments in interest bearing instruments (Note 1)	**484,464**	151,475
Structured bank deposits (Note 2)	**1,701,857**	1,816,647
Restricted cash (Note 3)	**71,071**	90,352
Bank balances and cash (Note 4)	**1,946,894**	2,232,437
	4,204,286	4,290,911

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

16. INVESTMENTS IN INTEREST BEARING INSTRUMENTS, STRUCTURED BANK DEPOSITS, RESTRICTED CASH AND BANK BALANCES AND CASH *(Continued)*

Notes:

1. At 30 June 2016, included in investments in interest bearing instruments of RMB484,464,000 (31 December 2015: RMB151,475,000) represents the Group's investments in restricted low risk debt instruments arranged by a bank in the PRC. The investments are principal guaranteed which carry variable rates of interest and are stated at amortised cost with effective interest ranging from 2.9% to 3.9% (2015: 3.9%) per annum for a term of six months to one year.

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 2.6% to 4.0% (31 December 2015: 2.8% to 5.0%) 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. In the opinion of the Directors, 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 for the purpose of syndicated loan interest payments 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 week to 3 months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The effective interest rate for short-term bank deposits during the six months ended 30 June 2016 is approximately 0.3% (31 December 2015: 0.3%) per annum.

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

17. BILLS, TRADE AND OTHER PAYABLES

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Trade payables	**1,057,503**	1,474,200
Bills payables	**54,700**	72,800
Total trade payables	**1,112,203**	1,547,000
Deposits and prepayments received from pre-sale of properties	**299,022**	360,232
Payable for property, plant and equipment	**229,133**	201,685
Suppliers' deposits	**146,162**	144,126
Accrued expenses	**124,610**	140,604
Other taxes payable	**40,128**	84,400
Interest payable	**17,815**	12,395
Accrued salaries and welfare expenses	**27,474**	64,069
Other payables	**238,761**	252,976
	2,235,308	2,807,487

The following is an aged analysis of the Group's trade and bills payables based on the invoice date at the end of the reporting period:

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
0 to 30 days	**733,382**	1,121,814
31 to 60 days	**114,415**	180,230
61 to 90 days	**56,169**	103,832
Over 90 days	**208,237**	141,124
	1,112,203	1,547,000

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

18. AMOUNTS DUE TO RELATED COMPANIES

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
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 1)	**124,497**	186,353
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)	**137,195**	348,366
Kunshan Golden Eagle Real Estate (Note 1)	**56,287**	56,287
Nanjing Golden Eagle Group (Note 1)	**47,133**	56,275
南京江寧金鷹科技實業有限公司 (Nanjing Jiangning Golden Eagle Technology Industry Co., Ltd.) (Note 1)	**5,639**	—
鹽城金國聯置業有限公司 (Yancheng Jinguolian Real Estate Co., Ltd.) (Note 1)	**5,566**	6,275
Others (Note 2)	**3,244**	5,149
	379,561	658,705

The amounts due to Nanjing Construction and Development, Nanjing Golden Eagle Group and Kunshan Golden Eagle Real Estate are related to acquisition of property, plant and equipment and the amount due to Nanjing Golden Eagle Industry are non-trade in nature. The remaining amounts represent trade payables which are aged within 180 days. All the amounts are unsecured, interest free and repayable on demand.

Notes:

1. Fellow subsidiaries of the Group.

2. Fellow subsidiaries and an associate of the Group.

19. BANK LOANS

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Bank loans	**1,010,268**	1,012,219
Syndicated secured loan	**4,996,886**	4,866,367
	6,007,154	5,878,586
Secured	**5,977,154**	5,644,867
Unsecured	**30,000**	233,719
	6,007,154	5,878,586
Carrying amount repayable*:		
Within one year	**451,768**	402,719
More than one year, but not exceeding two years	**5,098,886**	102,000
More than two years, but not exceeding five years	**340,650**	335,000
More than five years	**115,850**	172,500
	6,007,154	1,012,219
that is repayable on demand due to breach of covenants (shown under current liabilities)	**—**	4,866,367
	6,007,154	5,878,586
Less: Amounts due within one year shown under current liabilities	**451,768**	5,269,086
Amounts due after one year	**5,555,386**	609,500

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

During the year ended 31 December 2015, the Group has breached certain financial covenants imposed by the terms of the syndicated loan raised by the Group in April 2015 (the "2015 Syndicated Loan"). The Directors of the Company were of the view that it is unlikely the lenders will demand immediate repayment and on discovery of such breach, the management of the Company commenced negotiations with the lenders for a consent wavier. As at 31 December 2015, the negotiations had not been concluded and the 2015 Syndicated Loan had been classified under current liability as at 31 December 2015. On 24 June 2016, such consent wavier was obtained and the 2015 Syndicated Loan was therefore reclassified under non-current liability as at 30 June 2016.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

20. DEFERRED REVENUE

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Prepayments from customers	**2,117,649**	2,207,826
Deferred revenue arising from the Group's customer loyalty programme	**42,914**	34,808
	2,160,563	2,242,634

21. SHARE CAPITAL

	Number of shares	**Share capital** HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 January 2015, 30 June 2015, 1 January 2016 and 30 June 2016	5,000,000,000	500,000
Issued and fully paid:		
At 1 January 2015 (audited)	1,786,012,000	178,601
Shares repurchased and cancelled	(30,911,000)	(3,091)
Exercise of share options	218,000	22
At 30 June 2015 (unaudited)	1,755,319,000	175,532
At 1 January 2016 (audited)	**1,687,685,000**	**168,769**
Shares repurchased and cancelled	**(12,123,000)**	**(1,213)**
Cancellation of treasury shares	**(3,000)**	—
Exercise of share options	**60,000**	**6**
At 30 June 2016 (unaudited)	**1,675,619,000**	**167,562**

	RMB'000
Shown in the condensed consolidated financial statements:	
At 30 June 2016 (unaudited)	**176,518**
At 30 June 2015 (unaudited)	**182,985**

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

21. SHARE CAPITAL *(Continued)*

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

Month of repurchase	No. of ordinary shares of HK$0.10 each of the Company	Price per share Highest	Price per share Lowest	Aggregate consideration paid
		HK$	HK$	HK$'000
For the six months ended 30 June 2016:				
– January 2016	**8,356,000**	**8.80**	**8.34**	**71,811**
– April 2016	**2,706,000**	**8.96**	**8.85**	**24,201**
– May 2016	**1,119,000**	**8.95**	**8.17**	**9,521**
– June 2016	**773,000**	**8.60**	**7.93**	**6,470**
	12,954,000			**112,003**
For the six months ended 30 June 2015:				
– March 2015	1,754,000	9.15	9.08	16,037
– April 2015	4,816,000	11.50	10.88	54,364
– May 2015	8,283,000	12.64	11.18	98,009
– June 2015	25,170,000	11.70	10.14	274,410
	40,023,000			442,820

During the six months ended 30 June 2016, 12,123,000 shares were cancelled and 831,000 shares were recognised as treasury shares as at 30 June 2016.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Certain of the Group's financial assets and financial liabilities 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 and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

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

Financial assets	Fair value as at **30 June 2016 RMB'000 (unaudited)**	31 December 2015 RMB'000 (audited)	**Fair value hierarchy**	**Basis of fair value measurement**
Available-for-sale listed equity securities	**446,999**	396,946	Level 1	Quoted prices in active markets
Financial assets at fair value through profit or loss	**57,109**	—	Level 2	Based on the forward prices of the underlying commodity
Financial liabilities at fair value through profit or loss	**737,249**	—	Level 2	Based on the market prices of the underlying commodity

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

23. OPERATING LEASE ARRANGEMENTS

The Group as leasee

The Group has operating leases for certain office, warehouses and departments store properties for business, which are negotiated for terms ranging from 1 to 20 years with fixed and/or contingent rents. At the end of the interim reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Within one year	**38,765**	47,008
In the second to fifth year inclusive	**105,088**	189,777
Over five years	**297,911**	658,452
	441,764	895,237

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

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Within one year	**4,689**	6,090
In the second to fifth year inclusive	**1,637**	164
	6,326	6,254

The above lease commitments represent only the basic rents and do not include contingent rents payable in respect of lease contracts with certain landlords, including fellow subsidiaries of the Group, which stipulate monthly lease payments should be chargeable on a percentage of the store's gross sales proceeds after deduction of related sales taxes and discounts. It is not possible to estimate in advance the amount of such contingent rent payable. Rental expenses paid under these contingent lease contracts during the six months ended 30 June 2016 amounted to RMB95,868,000 (six months ended 30 June 2015: RMB77,339,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

23. OPERATING LEASE ARRANGEMENTS *(Continued)*

The Group as lessor

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

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Within one year	179,213	187,654
In the second to fifth year inclusive	510,998	459,468
Over five years	181,537	144,993
	871,748	792,115

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.

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

24. CAPITAL COMMITMENTS

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– acquisition of property, plant and equipment and land use rights (Note)	842,394	354,274
– equity investments	126,620	66,464
	969,014	420,738
Other commitment		
Construction of properties under development for sale	175,536	218,632

Note: Included in the balance is RMB51,446,000 (31 December 2015: RMB25,069,000) capital expenditure contracted for with fellow subsidiaries of the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

25. PLEDGE OF ASSETS

At 30 June 2016, 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 2015 Syndicated Loan:

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Available-for-sale investments	**184,851**	214,000
Restricted cash	**41,482**	39,945
Bank balances and cash	**92,713**	129,694
	319,046	383,639

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

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Property, plant and equipment	**753,105**	1,104,204
Investment properties	**251,379**	—
Restricted cash	**21,086**	44,224
Investments in interest bearing instruments	**329,000**	—
	1,354,570	1,148,428

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

26. RELATED PARTY TRANSACTIONS

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

a) Transactions

Relationship with related parties	Nature of transactions	Six months ended 30 June 2016 RMB'000 (unaudited)	Six months ended 30 June 2015 RMB'000 (unaudited)
Fellow subsidiaries	Acquisition of property, plant and equipment	—	1,125,750
	Decoration service fee paid	—	119,495
	Property management fee paid	**31,584**	44,296
	Property and ancillary facilities rentals paid	**79,478**	54,715
	Project management service fee paid	**17,841**	8,991
	Carpark management service fee paid	**1,135**	1,292
	Management fee received	**20,070**	—
	Rental income received	**1,017**	1,017
Associates	Purchase of merchandise	**3,790**	4,946

b) Compensation of key management personnel

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

	Six months ended 30 June 2016 RMB'000 (unaudited)	Six months ended 30 June 2015 RMB'000 (unaudited)
Salaries and other benefits	**2,389**	2,683
Retirement benefits schemes contributions	**183**	276
Equity-settled share-based payments	**280**	822
	2,852	3,781

27. RESTATEMENT OF COMPARATIVE FIGURES

Upon the completion of the acquisition of three companies on 31 December 2015 (the "Acquisition"), as detailed in note 39 of the annual report for the year ended 31 December 2015, the Group recognised a provisional bargain purchase gain. During the current period, as a result of the finalisation of the Acquisition, the provisional bargain purchase gain previously recognised was subsequently reduced by an amount of RMB211,561,000 comprising of deferred tax assets of RMB14,825,000 and net deferred tax liabilities of RMB226,386,000. The deferred tax assets were arising from tax losses. Net deferred tax liabilities were arising from RMB20,428,000 provision of PRC land appreciation tax ("LAT") on properties sold, RMB41,903,000 from provision of LAT on properties under development for sale and RMB164,055,000 from the fair value adjustments in the Acquisition. The comparative figures of the Group's condensed consolidated statement of financial position at 31 December 2015 have been restated as if the initial accounting had been completed from the acquisition date. There is no impact on the profit or loss and other comprehensive income for the comparative six months ended 30 June 2015.

Independent Review Report on Interim Financial Information

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF GOLDEN EAGLE RETAIL GROUP LIMITED

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Golden Eagle Retail Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 8 to 36, which comprise the condensed consolidated statement of financial position as of 30 June 2016 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

23 August 2016

BUSINESS REVIEW

Industry Overview

In the first half of 2016, the global economy remained unstable with lackluster growth in major economies. As a result of a number of risk events, negative market sentiment spread under the expectation of US Federal Reserve rate hike, as well as the substantial impact on global economy brought by Brexit. China, facing the complicated international environment and the background of domestic economy undergoing further restructuring, has achieved steady economic growth in the first half of the year. While the structural reform of economy continues, the growth of new business norms and models in China was rapid. As such, the growth in the tertiary industry continued to surpass the secondary industry in the first half of the year, resulting in a continuously increasing share of the tertiary industry in terms of gross domestic product ("GDP") sector composition. Such rapid development of new business norms and models will become a new impetus to China's economic growth under its "new social environment". Meanwhile, in addition to the strong potentials emerging from stable Chinese economy, structural upgrade of consumption will continue gradually when industrialisation, informatisation, urbanisation and agricultural modernisation continue to deepen and give rise to further expansion of domestic demand.

In the first half of 2016, the growth of GDP in China grew by 6.7% year on year to RMB34.7 trillion. The country's total retail sales grew by 10.3% year on year to RMB15.6 trillion during the period. Urban disposable income per capita increased by 8.0% to RMB16,957. If the price factor is excluded, the growth in real term was 5.8%.

During the first half of 2016, Jiangsu Province, where the Group has already established a leading position in the market, achieved a GDP growth of 8.2% to RMB3.7 trillion on the basis of comparable prices. Total retail sales of consumer goods in the province grew by 10.6% year on year to RMB1.4 trillion, while the urban disposable income per capita increased by 8.7% to RMB16,794 over the same period last year.

Business Operation and Management

China is going through a phase of modest economic growth, structural reform and adaptation to earlier stimulus policies, among the macro economy with amplifying international uncertainties. Together with surging e-commerce, new commercial complexes and outbound tourism, there have been some impacts on the Group's customer traffic. Nonetheless, the Group still actively capitalised on the country's retail industry development trend and pressed on with the development direction of retail chain store expansion, meeting the needs of consumers' daily life, enhancing their shopping experience and emphasising on innovation. 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. In the first half of 2016, leveraging on the endeavours of the Group and its staff, the Group's gross sales proceeds ("GSP") decreased by 4.6% year on year to RMB8,015.3 million. Same-store sales growth ("SSSG") decreased by 8.7% year on year. Operating profit from operations increased by 5.8% year on year to RMB646.8 million.

Management Discussion and Analysis

In the first half of 2016, the Group continued to enhance the operation quality of its lifestyle centers by introducing new business formats of consumption experience, enriching its merchandise mix, enhancing its controllable merchandise resources through investment and cooperation with distinctive merchandise resources. The Group also emphasised on the interactions between O2O (online and offline) operations to provide a more personalised and comprehensive lifestyle experience to customers.

- The Group relentlessly optimised its merchandise mix and strengthened hot-selling categories to keep up with the latest trends. It has increased the floor area for outdoor sportswear, trendy casual brands, kids' and maternity products. Kids' interactive zone has been enlarged and outdoor sports zone has been expanded with new golf merchandise counters. In addition, according to different product categories and branding, the Group has implemented supplier operating incentive and reward programs, which have effectively enhanced the Group's overall operating performances. In the first half of 2016, mature stores like Xinjiekou Store promoted the upgrade of sports brand offering, and Xinjiekou Store is making a breakthrough by introducing a multi-stories NIKE interactive experience store. In response to China's two-child policy, the Group optimised the maternity product zone and upgraded family playgrounds to boost customer traffic and enhance interaction. During the six months ended 30 June 2016, GSP generated by the Group's outdoors and sportswear product category increased by 12.7% to RMB530.6 million, whilst GSP generated by children's wear and toys product category increased by 8.1% to RMB278.5 million.

- The Group has endeavored to introduce a larger variety of lifestyle functions and amenities to provide customers with a comprehensive service experience. The Group continued to introduce distinctive brands under various functions and amenities into its floor area, including specialty food and beverage, G-Mart premium supermarket, tourism service, comprehensive automobile service, aquariums, cinemas and early childhood education, and also introduced first-tier home decoration brands to optimise its offerings in order to enhance customer traffic and operating results. As at 30 June 2016, the aggregate operating area of lifestyle functions and amenities represented 32.4% of the Group's total operating area. GSP contributed by rental and service fee income from these lifestyle functions and amenities amounted to RMB149.2 million, increased by 38.0% year on year.

- The Group's premium supermarket G-Mart continuously upgraded the quality of operations and introduced numerous distinctive goods to improve its performance and at the same time attract new long-term customers. In the first half of the year, the Group fostered a comprehensive strategic cooperation with College of Food Science and Technology of Nanjing Agricultural University, and became the first among domestic supermarkets to introduce professional food safety monitoring stations and promote healthy, green, safe grocery shopping experience. In addition, by hosting interesting promotional events such as food festivals featuring products from Argentina, the United States and Korea and themes like Yan'an Chinese New Year, G-Mart brought quality lifestyle experience to its customers. GSP generated by G-Mart for the first half of 2016 increased by 9.3% to approximately RMB270.2 million.

Management Discussion and Analysis

- The Group actively expanded its controllable merchandise business to enhance the Group's profitability by continuously strengthening its close relationship with high-quality brand suppliers so as to offer customers a variety of unique merchandise with high value covering luxury goods, apparels, footwear, kid's wear, household and lifestyle products as well as cultural and recreation products from Germany, France, South Korea and Australia for its consumers. On this foundation, the Group strives for vertical expansion of value chain by forming strategic cooperation with a key fabric provider in China to develop a series of "premium quality man's shirt" under its own brand to further provide high value for money merchandise to its customers. During the first half of 2016, the Group operated 242 counters under these controllable brands with GSP generated from these brands grew by 20.1% to RMB168.5 million.

- 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 the one hand, the Group cooperated with partners including German department store KARSTADT and pharmacy chain STERN APOTHEKE through ways of overseas supply chain direct sourcing to bring customers overseas products with local prices. The Group also strategically cooperated with healthcare brands such as BLACKMORES from Australia and GNC from the United States to launch brand experience counters in the Group's stores, enable the Group to display its online merchandise in its offline stores, to enhance shopping experience and customer interactions and to provide convenient and direct after-sales services to its customers. Through the creation of "dining selection" theme, the Group expanded its lifestyle merchandise offering by leveraged on direct supply from domestic origins and farm cooperation to select the freshest food products to customers' dining table. On the other hand, riding on the fragmented shopping habits and as an extension of the Group's precise marketing scene, the Group took the initiative to optimise its existing O2O experience stores. Other than the O2O experience stores, online merchandise will also be displayed in the "experience cabinet" as part of the store display scene. This move has reduced investment, effectively utilised the stores' common area, further enhanced online and offline two-way marketing and drove a significant increase in customer traffic and sales performance on the floors on which they are located.

The Group actively expanded its VIP customer base and enhanced the service quality and offerings, thus providing customers with a full range of attentive shopping experience.

- Through recruitment and promotion 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 30 June 2016, the number of VIP customers of Nanjing Xinjiekou Store reached approximately 560,000, while the number of VIP customers of the Group reached approximately 2.5 million. VIP customers' consumption accounted for 54.6% of the Group's total GSP.

- During the period, the Group continued to implement its Omni-Channel marketing and connected both online and offline 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), reward points redemption, e-gift cards, smart parking, optometric centres, VIP courses, hotels and automobile maintenance service. As at 30 June 2016, the "goodee mobile App" has registered over 5.5 million downloads, with over 1.4 million VIP customers connected their VIP cards with the App.
- Based on the in store Wi-Fi environment and leveraging on the Group's self-developed POS system, the Group is an early-mover among large retailers in China to implement centralised counter cashier program, achieving organic integration of merchandise management, mobile payment and membership management and further enhanced the quality of customer service. This program will also facilitate the Group's future VIP big data marketing.
- The Group's comprehensive automobile service chain also provided rich extended services to Golden Eagle's VIP customers. The establishment of in-store high-end second-hand car exhibition centers and automobile maintenance service center chain targeting high-end cars not only helped to expand the Group's VIP customer base and divert customer traffic to stores, but also further enhanced the comprehensiveness of the Group's lifestyle functions and amenities offer. As at 30 June 2016, the Group is operating 5 high-end second-hand car trading centers and 7 automobile maintenance service centers and bring professional and convenient services to over thousands of VIP customers.

Corporate Development and Investment

The Group stepped up its strategic investment in the industry value chain in the first half of 2016 by investing in, cooperating with businesses with high growth potential, and implementing organic integration of featured commercial brands and the Group's business resources. While building its unique competitive advantages, the Group can also enjoy the fruit of business development of the featured commercial brands.

- In order to capture opportunities brought about by the rapid development of China's tourism, the Group entered into a strategic partnership with Beijing Caissa Travel in March 2016 with plans to open dozens of travel experience stores in the Group's chain stores and to explore further collaboration opportunities.
- In April 2016, the Group and Shinwon Group, a renowned Korean apparel group, entered into a strategic investment and cooperation agreement to jointly develop Shinwon's apparel business and develop new apparel brand business in China. The cooperation will not only enable the broad masses of customers to enjoy high-value-to-money and latest fashion from Korea, it will also help to improve the Group's operation and profitability with the continuous development of the apparel business in China.
- In April 2016, the Group and BLOVES, a leading high-end custom jewelry wedding rings brand in China, reached a strategic investment and cooperation agreement to open several BLOVES stores in the Group's chain stores with leading position to bring forth customers with more customised and personalised products and services.

- The Group also actively seeks opportunities of cross-sector cooperation and innovative retail ideas. In May 2016, the Group and Fountown, a leading brand of shared office in China, entered into a strategic cooperation agreement, which is the largest cross-sector cooperation between themed commercial complex and shared office. The first store under the cooperation is located in the Group's Shanghai Store, with over 10,000 square meters of the gross floor area ("GFA") in the prime commercial district of Shanghai city and high quality comprehensive supporting services, it will become a platform for startup makers to fuel their passion and seize business opportunities.
- In May 2016, to ride on the robust growth of kids products in China, the Group strategically invested in Korea's No.1 kids' footwear retailer TOEBOX. Through jointly developing TOEBOX stores in Korea and China, the cooperation helped to enhance the Group's competitiveness and operating performance of its kids' product segment.

Outlook

Looking into the macro economy in the second half of 2016, with slowing US economic recovery, fragile Eurozone recovery and Japan's economy still struggling out of zero-growth predicament despite favourable monetary and fiscal policies, the growth in developed economies will probably continue to fall below market expectations. Emerging economies, including Russia and Brazil, have suffered various degree of decline. Geopolitical risks including Brexit will present further uncertainties to global economic recovery. Against this international economic backdrop, to achieve the twin objectives of steady growth and structural reform of the Chinese economy, equivalent effort on both supply and demand ends is needed, China has to expand effective demand while actively promoting structural reform from the supply end.

The management remains optimistic about China's retail market development in the future. In the second half of 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 endeavour 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, prioritising 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, maternity products, 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 close exclusive cooperation relationships with and the Group's proprietary brands and to fully tap the potential of the online supplier recruitment platform, which will strengthen the Group's long-term competitiveness; (iii) continuing to optimise the online business model that suits the Group's own way of development. On the basis of being users' demand-oriented and expanding sales of the current overseas hot-selling products, the Group will also focus on promoting sales of tailor manufactured high-value-to-money products in lifestyle category. It will also directly source a variety of fresh fruits and specialty food from origins of grocery and farms. Combining optimisation of online reward points redeem system for VIPs, the Group will be able to implement interactive conversion of online and offline traffic in a cost-effective way; and (iv) endeavoring to nurture core senior management talents, continuing to optimise the management structure and improving the overall operational efficiency.

Meanwhile, the Group will develop its new chain stores at a steady pace. In the second half of the year, the Group will focus its resources in launching its Suzhou Gaoxin Lifestyle Center with GFA of 170,000 square meters and Xi'an Qujiang Lifestyle Center with GFA of 50,000 square meters. The two stores enjoy immense potentials with their prime locations in regions of high-spending crowds and transportation hubs in Suzhou and Xi'an, which are equipped with numerous distinctive lifestyle functions. In addition, the Group's highly anticipated Shanghai Store, Nantong Renmin Road Store and Wuhu New City Store will also be re-launched in the second half of the year upon completion of precise positioning and overall optimisation. The Group will ensure that each new store will be managed by a pragmatic and efficient management team. Leveraging on the Group's leading position in Jiangsu Province and its competitive edge, the Group will consolidate its presence in the regions of Jiangsu, Anhui, Shaanxi, Yunnan and Shanghai through 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 keep a close eye on first and second-tier cities as well as third-tier cities with strong potential across the country to gradually accomplish its target of becoming a national-wide chain store operator. The Group will build on the foundation of its existing brand resources, introduce a collection of unique and distinctive merchandise brands into its floor area and strengthen 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.

FINANCIAL REVIEW

GSP and revenue

During the period under review, GSP of the Group reduced to RMB8,015.3 million, representing a decrease of 4.6% or RMB383.4 million, as the Group continued to face a challenging and volatile economic environment, the intensifying competition from the emerging retail industry and the Group's continuous efforts to focus on productive sales with reasonable profit margin. The decrease was mainly attributable to the net effects of (i) a decrease in SSSG by 8.7%; and (ii) the inclusion of full period sales proceeds of those stores which commenced operation, namely Kunshan Store, Jiangning Store and Ma'anshan Store, or those stores which were acquired by the Group, namely Wuhu Store, 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 RMB975.2 million GSP which contributed 12.2% of the Group's total GSP during the period under review.

During the six months ended 30 June 2016, concessionaire sales contributed 83.6% (2015: 86.5%) of the Group's GSP, representing a decrease of 7.8% from RMB7,266.6 million to RMB6,701.0 million, and direct sales contributed 13.0% (2015: 12.0%) of the Group's GSP, representing an increase of 3.6% from RMB1,005.7 million to RMB1,042.1 million. Rental income, sales of properties and other income contributed the remaining 3.4% (2015: 1.5%) of the Group's GSP, representing an increase of 115.3% from RMB126.4 million to RMB272.2 million.

Commission rate from concessionaire sales increased to 17.6% (2015: 17.1%) while the gross profit margin from direct sales increased to 17.2% (2015: 16.9%), resulting the increase in the overall gross profit margin from concessionaire sales and direct sales to 17.6% (2015:17.1%). The increase was mainly due to the net effects of (i) the Group's continuous efforts to focus on productive sales with reasonable profit margin; and (ii) the inclusion of automobile sales which carry low gross profit margin of 0.6% (2015: 1.6%).

Management Discussion and Analysis

In terms of GSP breakdown by merchandise categories, apparel and accessories contributed 47.9% (2015: 49.4%) of the GSP, gold, jewellery and timepieces contributed 16.5% (2015: 18.4%), cosmetics contributed 9.3% (2015: 8.8%), outdoor and sportswear contributed 6.6% (2015: 5.6%) and the remaining categories including electronics and appliances, tobacco and wine, household and handicrafts, supermarket, children's wear and toys, automobile sales, sales of properties, rental income and hotel operations contributed the remaining 19.7% (2015:17.8%).

The Group's total revenue increased to RMB2,152.2 million, representing an increase of 5.6% from the same period last year. The increase in revenue was generally in line with the improvement in overall profit margins.

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 derived from the Group's securities investments.

Other income, gains and losses decreased by RMB353.4 million for the six months ended 30 June 2016 from a net gain of RMB345.2 million to a net loss of RMB8.2 million. Such decrease was primarily due to (i) the net foreign exchange difference of RMB169.7 million from a net foreign exchange gains of RMB11.8 million to a net foreign exchange losses of RMB157.9 million as a result of the fluctuations in RMB exchange rates during the period under review; and (ii) the decrease in gains on disposal of the Group's securities investments by RMB159.7 million from RMB171.3 million to RMB11.6 million. As at 30 June 2016, the Group's securities investments in aggregate amounted to RMB447.0 million (31 December 2015: RMB396.9 million).

Changes in inventories of merchandise and cost of properties sold

Changes in inventories of merchandise and cost of properties sold represented the cost of goods sold under the direct sales business model and the cost of properties sold. Changes in inventories of merchandise and cost of properties sold increased by RMB73.5 million or 10.3% to RMB787.9 million for the six months ended 30 June 2016. The increase was generally in line with the increase in direct sales and sales of properties.

Employee benefits expense

Employee benefits expense decreased by RMB9.0 million or 3.8% to RMB225.4 million for the six months ended 30 June 2016. The decrease was primarily attributable to the net effects of: (i) the inclusion of full period employee benefits expense of those stores which commenced operation or acquired in the year of 2015; (ii) the continuous efforts in streamlining roles and functions at all departments; and (iii) the continuous investment in human resources for the implementation of the Group's "comprehensive lifestyle concept".

Employee benefits expense as a percentage to GSP remains stable at 3.3%.

Depreciation and amortisation

Depreciation and amortisation of property, plant and equipment and investment properties and release of prepaid lease payments on land use rights increased by RMB30.8 million or 18.0% to RMB202.3 million for the six months ended 30 June 2016. The increase was primarily due to the inclusion of full period depreciation and amortisation of those stores which commenced operation or were acquired in the year 2015.

Depreciation and amortisation expenses as a percentage to GSP increased by 0.5 percentage point to 2.9% as compared to 2.4% in the same period last year.

Rental expenses

Rental expenses increased by RMB9.5 million or 9.8% to RMB107.2 million for the six months ended 30 June 2016. This was mainly attributable to the net effects of: (i) the inclusion of full period rental expenses of those stores operating in leased properties which commenced operation in the year 2015, namely Danyang Store, Jiangning Store and Ma'anshan Store; (ii) the decrease in rental expenses by RMB13.9 million for those stores which were suspended or closed for operations during the comparable periods; and (iii) the increase in sales contribution from stores which are operating in leased properties and paying rental expenses with reference to a percentage of GSP.

Rental expenses as a percentage to GSP increased by 0.2 percentage point to 1.6% as compared to 1.4% in the same period last year.

Other expenses

Other expenses decreased by RMB41.2 million or 11.1% to RMB330.4 million for the six months ended 30 June 2016. Other expenses mainly include water and electricity expenses, advertising and promotion expenses, repair and maintenance and property management fees. The decrease was primarily attributable to the net effects of: (i) the inclusion of full period other expenses of those stores which commenced operation or acquired in the year 2015; and (ii) the management's continuous effort of disciplined cost control during the period under review.

Other expenses as a percentage to GSP decreased by 0.4 percentage point to 4.8% as compared to 5.2% for the same period last year.

Share of (loss) profit of associates

Share of (loss) profit of associates mainly represented the Group's share of results of its 42.6% (31 December 2015: 38.4%) owned associate, Allied Industrial Corp., Ltd. (中美聯合實業股份有限公司).

Management Discussion and Analysis

Finance income

Finance income mainly 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 RMB21.9 million or 18.7% to RMB95.3 million for the six months ended 30 June 2016 which was primarily due to the net effects of: (i) 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; and (ii) the increase in interest income derived from the deposit paid for acquisition of Suzhou Qianning.

Finance costs

Finance costs comprised interest expenses on the Group's bank loans and senior notes. Finance costs increased by RMB45.3 million or 41.8% to RMB153.6 million for the six months ended 30 June 2016. The increase was primarily due to the increase in bank borrowings during the period under review.

Income tax expense

Income tax expense of the Group decreased by RMB29.6 million or 13.2% to RMB195.4 million. Effective tax rate for the period under review was 46.4% (2015: 27.8%). The increase in effective tax rate by 18.6 percentage points was mainly due to the increase in offshore non-deductible expenses, including the finance costs and foreign exchange loss.

Profit for the period

Owing to the increase in profit from operations and decrease in non-operating income, profit for the period decreased by RMB358.4 million or 61.3% to RMB226.2 million. Net profit margin to GSP was 3.3% (2015: 8.1%) for the six months ended 30 June 2016.

Profit from operations (net profit before interest, tax and other income and losses) increased by RMB35.5 million or 5.8% to RMB646.8 million, while profit from operations before depreciation and amortisation (net profit before depreciation, amortisation, interest, tax and other income and losses) increased by RMB66.3 million or 8.5% to RMB849.0 million.

As at 30 June 2016, the aggregate net operating losses generated by 7 (2015: 11) loss making stores amounted to RMB30.0 million (2015: RMB71.5 million).

Capital expenditure

Capital expenditure of the Group for the six months ended 30 June 2016 amounted to RMB208.0 million (2015: RMB905.1 million). 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 expansion and the upgrade and/or expansion of the Group's existing retail spaces in order to further enhance the shopping environment and the Group's competitiveness in its local markets.

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

As at 30 June 2016, the interests and short positions of the Directors, the chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

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

Name of Director/ chief executive	Personal Interest	Corporate Interest	Total Interest	Total interests as percentage of the issued share capital
Mr. Wang Hung, Roger	4,000,000	1,246,591,412 (Note)	1,250,591,412	74.67%
Mr. Su Kai	1,194,000	—	1,194,000	0.07%

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

Save as disclosed above, as at 30 June 2016, 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 30 June 2016, 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	74.43%
Golden Eagle International Retail Group Limited (Note)	Beneficial owner	1,246,591,412	74.43%
ICFI HK (U.S.A.) Investments, LLC	Beneficial owner	87,514,888	5.23%

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

Save as disclosed above, as at 30 June 2016, the Company had not been notified of any other relevant interests or short positions in the issued share capital of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

Pursuant to the Company's share option scheme approved by written resolutions of the sole shareholder of the Company on 26 February 2006 (the "Scheme"), the Board may grant options to any full-time or part-time employees, executives and officers of the Company and any of its subsidiaries (including executive directors, non-executive directors and independent non-executive directors of the Company and any of its subsidiaries) and business consultants, agents and legal and financial advisors of the Company or its subsidiaries which, in the opinion of the Board, have contributed to the Group, to subscribe for Shares for a consideration of HKD1.0 for each lot of share options granted for the primary purpose of providing incentives to directors and eligible employees, consultants and advisors. The Scheme 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 six months ended 30 June 2016, 60,000 share options were exercised and 660,000 share options were forfeited. As at 30 June 2016, there were a total of 16,870,000 Shares available for issue pursuant to options that were granted under the Scheme, representing approximately 1.0 per cent of the entire issued share capital of the Company as at the date of this report.

Other Information

Movements of the Company's share options during the period and outstanding as at 30 June 2016 were as follows:

	Number of share options								
	Outstanding at 1 January 2016	Exercised during the period	Forfeited during the period	Outstanding at 30 June 2016	Date of Grant	Exercise period (Note 1)	Exercise price HKD	Price of the Company's Share immediately before the grant date HKD	Price of the Company's Shares on the date immediately before the exercise date (Note 2) HKD
Key management	595,000	—	—	595,000	5 December 2008	5 December 2010 to 4 December 2018	4.20	4.19	8.97
	1,600,000	—	—	1,600,000	20 October 2010	20 October 2011 to 19 October 2020	19.95	20.00	N/A
Other employees	12,495,000	(60,000)	(160,000)	12,275,000	5 December 2008	5 December 2010 to 4 December 2018	4.20	4.19	8.97
	2,900,000	—	(500,000)	2,400,000	20 October 2010	20 October 2011 to 19 October 2020	19.95	20.00	N/A
	17,590,000	(60,000)	(660,000)	16,870,000					
Exercisable at 30 June 2016				9,458,000					

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

STATUS OF CONNECTED TRANSACTIONS PENDING COMPLETION

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

Xinjiekou Block B Framework Agreement

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

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

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

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

Kunshan Framework Agreement

On 28 March 2011, the Group entered into a cooperation framework agreement with 昆山金鷹置業有限公司 (Kunshan Golden Eagle Properties Co., Ltd.*) ("Kunshan Golden Eagle Properties"), a fellow subsidiary of the Company ultimately wholly-owned by Mr. Wang and a connected person (as defined in the Listing Rules) of the Company, for the acquisition of a property which is situated at Kunshan City, Jiangsu Province.

The property comprises the whole of 1st to 8th floors and basements B1 and B2 of Kunshan Tiandi Project with an aggregate gross floor area of approximately 118,500 square meters (the "Kunshan Property"). Kunshan Tiandi Project is a commercial complex comprising retail, hotel, office and residential area located at the south side of Dongxin Street and the east side of Zhujiang Road, Kunshan Development Zone at Kunshan city with an estimated aggregate gross floor area of approximately 400,000 square meters and to be developed by Kunshan Golden Eagle Properties.

The consideration of RMB1,125.8 million (subject to adjustment) for the acquisition of Kunshan Property was calculated based on RMB9,500 per square meter and the estimated aggregate gross floor area of approximately 118,500 square meters and may be adjusted depending on the gross floor area of Kunshan Property actually to be delivered to the Group upon completion. The consideration will be paid by instalments in accordance with the pre-determined construction phases. The construction of the Kunshan Property was completed and commenced soft opening in January 2015. It is anticipated that the title of Kunshan Property will transfer to the Group upon the completion of the entire complex in 2017.

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

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

DISCLOSURE UNDER RULES 13.18 AND 13.21 OF THE LISTING RULES

On 15 April 2015, the Group entered into a dual-currency three-year term loan facility agreement (the "2015 Syndicated Loan Agreement") in the principal amounts of up to USD625.5 million and HKD1,052.0 million with a group of financial institutions which was due for full repayment in April 2018.

Pursuant to the terms of the 2015 Syndicated Loan Agreement, it will constitute, among others, an event of default if at any time when the entire or part of the syndicated loan facility remains outstanding, Mr. Wang ceases to (i) hold directly or indirectly not less than 51% of the beneficial interest in the Company; (ii) be the single largest shareholder of the Company; (iii) be the Chairman and executive Director of the Company; or (iv) maintain the management control of the Company or have the right to determine the composition of majority of the Board. Upon occurrence of an event of default, all outstanding loans together with accrued interest and any other amounts accrued under the 2015 Syndicated Loan Agreement may become immediately due and payable. The facility was fully utilised and remained outstanding as at 30 June 2016.

Other Information

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2016, 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 RMB4,204.3 million (31 December 2015: RMB4,290.9 million) whereas the Group's total borrowings (including bank borrowings, senior notes and net financial assets and liabilities at fair value through profit or loss) amounted to RMB9,172.7 million (31 December 2015: RMB8,311.8 million). For the six months ended 30 June 2016, the Group's net cash used in operating activities amounted to RMB246.0 million (2015: RMB100.4 million), the Group's net cash used in investing activities amounted to RMB363.2 million (2015: RMB542.4 million) and the Group's net cash generated from financing activities amounted to RMB323.6 million (2015: RMB317.5 million).

As at 30 June 2016, the Group's bank borrowings amounted to RMB6,007.2 million (31 December 2015: RMB5,878.6 million) which comprised short-term bank loans of RMB30.0 million (31 December 2015: RMB233.7 million), a 3-year dual-currency syndicated loan of RMB4,996.9 million (31 December 2015: RMB4,866.4 million) and secured bank loans of RMB980.3 million (31 December 2015: RMB778.5 million). The senior notes amounted to RMB2,485.4 million (31 December 2015: RMB2,433.2 million) and net financial assets and liabilities at fair value through profit or loss amounted to RMB680.1 million (31 December 2015: nil) as at 30 June 2016.

During the year ended 31 December 2015, the Group has breached certain financial covenants imposed by the terms of the 2015 Syndicated Loan. The Directors of the Company were of the view that it is unlikely the lenders will demand immediate repayment and on discovery of such breach, the management of the Company commenced negotiations with the lenders for a consent wavier. As at 31 December 2015, the negotiations had not been concluded and the 2015 Syndicated Loan had been classified under current liability as at 31 December 2015. On 24 June 2016, such consent wavier was obtained from lenders and the 2015 Syndicated Loan was therefore reclassified under non-current liability as at 30 June 2016.

Total assets of the Group as at 30 June 2016 amounted to RMB19,800.0 million (31 December 2015: RMB19,828.0 million (restated)) whereas total liabilities of the Group amounted to RMB14,711.4 million (31 December 2015: RMB14,720.0 million (restated)), resulting in a net assets position of RMB5,088.6 million (31 December 2015: RMB5,108.0 million (restated)). The gearing ratio, calculated by dividing total borrowings over total assets of the Group, increased to 46.3% as at 30 June 2016 (31 December 2015: 42.0%).

CONTINGENT LIABILITIES

As at 30 June 2016, the Group has no material contingent liabilities.

FOREIGN EXCHANGE EXPOSURE

Certain bank balances and cash, available-for-sale investments, bank loans and senior notes of the Group are denominated in HK$ or USD which exposed the Group to foreign exchange risks associated with the fluctuations in exchange rates between HK$/USD and RMB. During the period under review, the Group recorded a net foreign exchange losses of RMB157.9 million (2015: a net foreign exchange gains of RMB11.8 million). The Group's operating cash flows are not subject to any exchange fluctuation.

Other Information

EMPLOYEES

As at 30 June 2016, the Group employed a total of 6,280 employees (31 December 2015: 6,200). During the period under review, the aggregate amount of remuneration paid by the Group to its employees was RMB225.4 million (2015: RMB234.4 million). The Group's remuneration policies are formulated with reference to market practices, experiences, skills and performance of individual employee and will be reviewed every year.

DIVIDENDS

The Directors have resolved that an interim cash dividend of RMB0.050 per share and a special cash dividend of RMB0.168 per share, resulting an aggregate dividend of RMB0.218 per share (six months ended 30 June 2015: interim cash dividend of RMB0.110 per share) be declared, and the same will be paid on or before Monday, 19 September 2016 to those shareholders of the Company whose names appear in the Register of Members of the Company at the close of business on, Wednesday, 7 September 2016.

In order to qualify for the interim and special dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712 — 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 7 September 2016, which is also the record date for the distribution of dividend.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the six months ended 30 June 2016, the Company repurchased an aggregate of 12,954,000 shares of its own issued ordinary shares through the Stock Exchange at an aggregate consideration of HK$112.0 million (equivalent to RMB94.1 million).

The repurchases were effected by the Directors for the enhancement of shareholders' value. All the repurchased shares were cancelled upon repurchase. Of the balance, 12,123,000 shares were cancelled during the period under review and the remaining shares were cancelled in July 2016. Save for the aforesaid, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

CORPORATE GOVERNANCE

The Directors are of the opinion that the Company has complied with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules for the six months ended 30 June 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Director's securities transactions. Specific enquiry has been made to all Directors, and the Directors have confirmed that they have complied with all relevant requirements as set out in the Model Code during the six months ended 30 June 2016.

Other Information

AUDIT COMMITTEE

The principal functions of the Audit Committee, established in compliance with the Listing Rules and the Corporate Governance Code, are to review and supervise the financial reporting processes and internal control procedures of the Group. As at the date of this report, the Audit Committee comprised three independent non-executive Directors, namely Mr. Wong Chi Keung, Mr. Lay Danny J and Mr. Wang Sung Yun, Eddie.

ACKNOWLEDGEMENT

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 second half of the 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 returns for shareholders.

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

Hong Kong, 23 August 2016