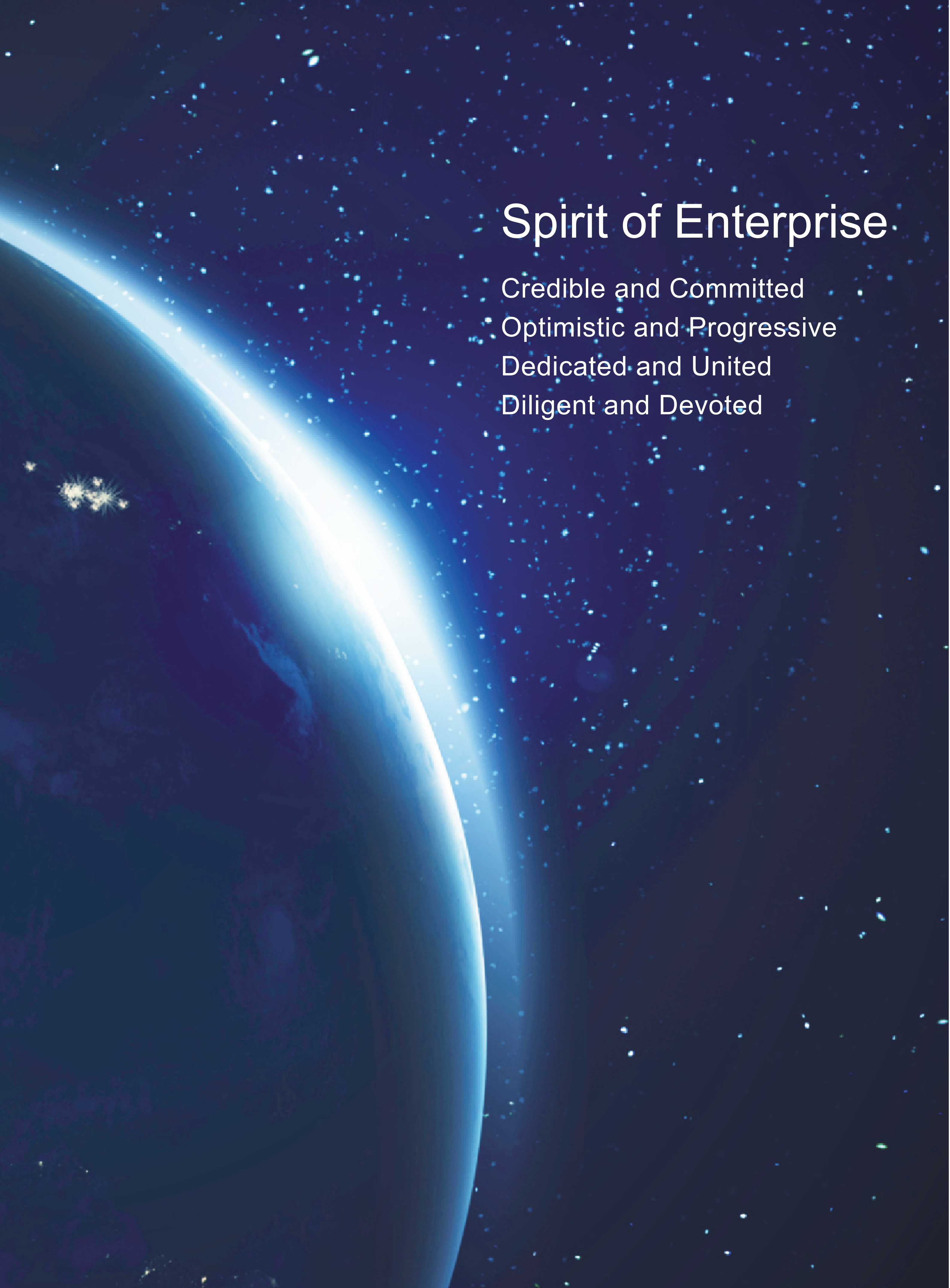
金鷹商貿集團有限公司
GOLDEN EAGLE RETAIL GROUP LIMITED

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

Annual Report 2014 年報



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 department store, Nanjing Xinjiekou Store, nearly 19 years ago, the Group has successfully opened 29 self-owned stores, with a total gross floor area of 1,534,387 square meters and a total operating area of 1,056,822 square meters as at 23 March 2015. These stores span four provinces and one municipality, namely Jiangsu, Anhui, Shaanxi, Yunnan and Shanghai, covering 17 cities including Shanghai, Nanjing, Nantong, Yangzhou, Changzhou, Xuzhou, Taizhou, Huai'an, Yancheng, Suqian, Liyang, Danyang, Kunshan, Hefei, Huaibei, Xi'an and Kunming.

Leveraging on our leading position and strong competitive advantages in Jiangsu Province, the Group will continue to reinforce our market leadership and presence in the regions of Jiangsu, Anhui, Shaanxi, Yunnan and Shanghai by establishing comprehensive lifestyle centers with potential for long-term 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 ALTERNATIVE

The Group's department stores are situated at prime shopping districts in their respective cities and the Group always adheres to its core development strategies of developing mainly in self-owned properties. As at 23 March 2015, approximately 60.9% of the total gross floor area of our stores is located in self-owned properties. In order to capture opportunities for development, the Group also secures high-quality properties by entering into long-term leases for ten years or longer, hence minimising the impact of rental increase on our department stores' operation. We also have leases with rentals calculated on the basis of a percentage of the relevant store's sales proceeds.

PROMOTING THE CONCEPT OF LIFESTYLE ONE-STOP CENTER

Capitalising on the development trends of the retailing industry that target at both the mid-range and high-end market segments in China, the Group accelerated its strategic transformation from fashion department store to "Lifestyle One-stop Center". The Group has introduced various functions and amenities, such as dining, entertainment, beauty and personal care, hair styling, cinemas and preschool education in addition to our core function as an international fashion department store, and has vigorously introduced specialty brands and continued to optimise merchandise mix in order to further enhance our competitiveness and drive sales and profit growth. As at 23 March 2015, the operating area of "Lifestyle One-stop Center" accounted for 25.2% of the Group's total operating area.

ENRICHING CONTROLLABLE MERCHANDISES RESOURCES AND IMPROVING PROFITABILITY

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

Corporate Profile

MONITORING CONSUMPTION TREND OF TARGET CUSTOMERS, UTILISING OMNI-CHANNEL MARKETING

The Group fully utilises omni-channel marketing through the mobile phone application "goodee mobile App" (掌上金鷹), the WeChat social network platform and the "Electronic VIP Card" to build and develop marketing channels with high efficiency and low cost, so as to effectively deliver real-time information about sales promotion to customers, optimise customers' shopping experience, help them to enjoy various VIP value-added services more easily and further stimulate their shopping desire. As at 31 December 2014, the "goodee mobile App" application registered over 2 million downloads, which represented an increase of 100% year-on-year, and there were over 750,000 VIP customers had their VIP cards connected with the "goodee mobile App" application.

DEDICATED TO PROVIDING MORE QUALITY, INNOVATIVE AND COMPREHENSIVE VALUE-ADDED VIP SERVICES

The Group endeavors to increase the number of VIP customers, enhance the service quality and enrich the content of VIP customer services. Through continuous new business investment in 2014, the Group's VIP card has covered online and offline lifestyle one-stop services in various functions such as fashion shopping, dining and leisure, hotel services, automobile sales and integrated services, an iPoints reward points redemption platform, online supermarket and overseas shopping. By using "goodee mobile App" (掌上金鷹), WeChat and "Electronic VIP Card", it can provide timely, direct and effective marketing information, enhance customers' shopping experience and stimulate buying sentiments. The Group successfully secured over 1.71 million loyal VIP customers as at 31 December 2014, further supports its long-term development. Spending by VIP customers accounted for 55.5% of the Group's total gross sales proceeds during the year under review.

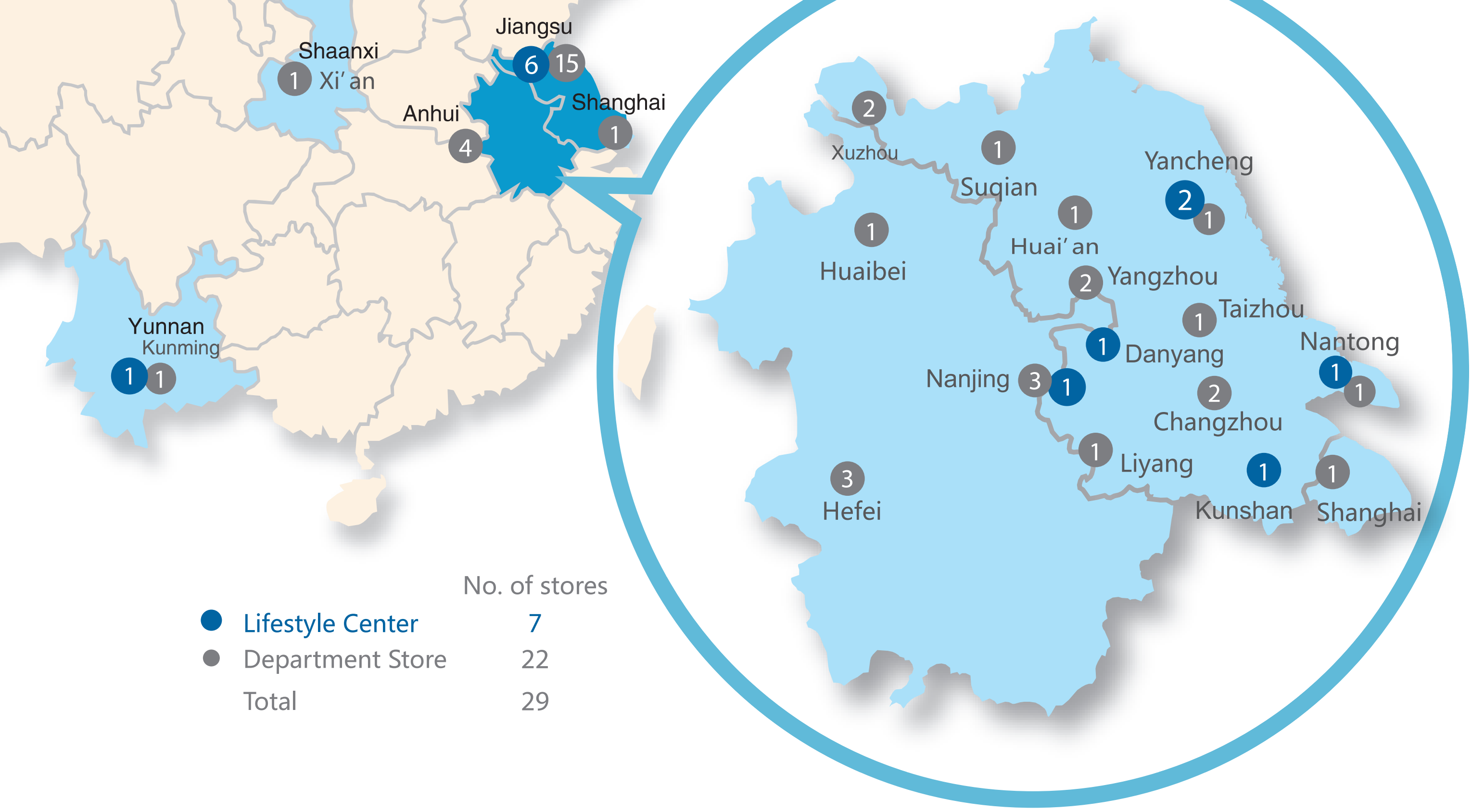
LEADING THE INDUSTRY IN INTELLIGENT E-PLATFORM MANAGEMENT SYSTEM

The Group manages every department store with a standardised management system which is connected to our most advanced intelligent e-platform. It is a customer-oriented platform built on a SAP system which is adopted by a number of Fortune 500 companies. Customer experience was improved and our target customers' individual needs were adequately satisfied through core elements of business intelligence (BI), precision marketing (PM), supply chain management (SCM) and customer relationship management (CRM). Business value has also been created as the platform and system have raised operational efficiency and optimised the process and flow of the operations.

LOCALISED OPERATIONAL STRATEGIES WITH WORLDWIDE 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 the stores, the Group recruits local talents to form a management team so that the Group can utilise their local knowledge on the respective markets. As at 31 December 2014, the Group had approximately 6,000 employees.

Golden Eagle In China

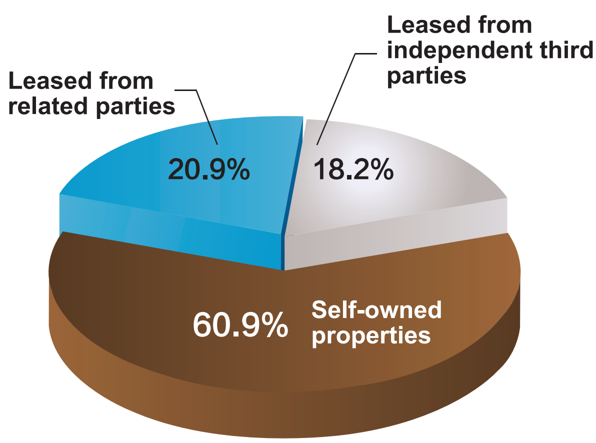


	No. of stores
Lifestyle Center	7
Department Store	22
Total	29

Self-owned properties situated at prime shopping locations accounted for 60.9%* of total gross floor area.

	Gross Floor Area (square meters)		
	Owned	Leased	Sub-total
Nanjing Xinjiekou Store	85,303	29,242	114,545
Nantong Store	9,297		9,297
Yangzhou Store	37,562	3,450	41,012
Xuzhou Store	59,934		59,934
Xi'an Gaoxin Store	27,287		27,287
Taizhou Store	58,374		58,374
Kunming Store	116,817		116,817
Nanjing Zhujiang Road Store		33,578	33,578
Huai'an Store	55,768		55,768
Yancheng Store	95,904		95,904
Yangzhou Jinghua Store		29,598	29,598
Shanghai Store		19,668	19,668
Nanjing Hanzhong Store		12,462	12,462
Nanjing Xianlin Store		42,795	42,795
Hefei Dadongmen Store		10,356	10,356
Hefei Baihuajing Store		12,294	12,294
Anhui Huaibei Store		34,714	34,714
Hefei Suzhou Road Store		45,690	45,690
Changzhou Jiahong Store	18,362	33,458	51,820
Suqian Store	65,410		65,410
Liyang Store	53,469	18,355	71,824
Xuzhou People's Square Store	37,768		37,768

	Gross Floor Area (square meters)		
	Owned	Leased	Sub-total
Kunming Nanya Store		36,870	36,870
Changzhou Wujin Store		55,200	55,200
Yancheng Outlet Store		18,377	18,377
Yancheng Julonghu Store		110,848	110,848
Nantong Yuanrong Store	94,700		94,700
Danyang Store		52,976	52,976
Kunshan Store	118,500		118,500
Total			1,534,387



* As a percentage of total gross floor area (square meters) as at 23 March 2015

Corporate Information

EXECUTIVE DIRECTOR

Mr. Wang Hung, Roger

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Chi Keung
Mr. Wang Yao
Mr. Lay Danny J

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. Wang Yao
Mr. Lay Danny J

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

PRINCIPAL BANKERS IN THE PRC

Agricultural Bank of China
Bank of China
Bank of Communications
Bank of Nanjing
China Construction Bank
China Minsheng Banking
Hang Seng Bank (China)
Industrial and Commercial Bank of China
Shanghai Pudong Development Bank

PRINCIPAL BANKERS IN HONG KONG

Bank of China (Hong Kong)
Bank of Communications
Citi Bank
Hang Seng Bank
Hongkong and Shanghai Banking Corporation
Standard Chartered Bank
Taipei Fubon Commercial Bank
The Bank of East Asia
Wing Lung Bank

Corporate Information

AUDITOR

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

HONG KONG LEGAL ADVISORS

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

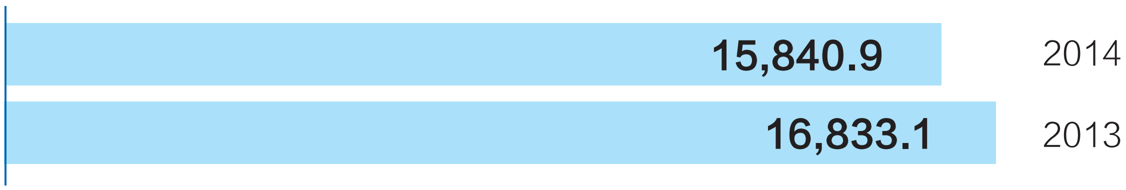
Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE (BRANCH REGISTRAR)

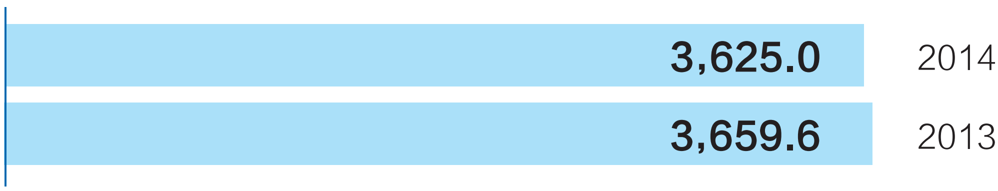
Computershare Hong Kong Investor Services Limited
Shop 1712-16, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

Financial Highlights

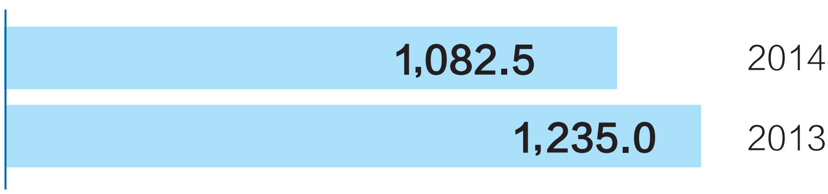
Gross Sales Proceeds （RMB Million）



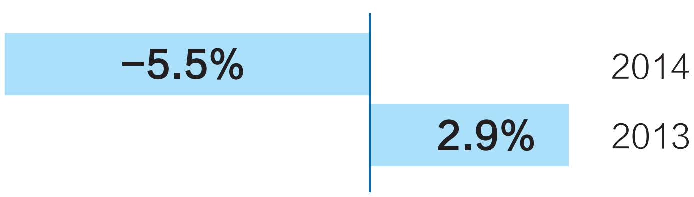
Revenue （RMB Million）



Profit Attributable to Owners of the Company （RMB Million）



Same Store Sales Growth[1]



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

Enrich life with styles!

Fast expansion of controllable mechandise resources, satisfy the development needs of comprehensive lifestyle center.

Five Years Financial Summary

	2010 RMB'000	2011 RMB'000	2012 RMB'000	2013 RMB'000	**2014 RMB'000**	2013 vs 2014 %
Consolidated Statement of Profit or Loss for the year ended 31 December						
Gross sales proceeds (note 1)	10,949,318	14,340,232	16,319,348	16,833,053	**15,840,890**	(5.9)
Revenue	2,450,358	3,216,892	3,622,917	3,659,561	**3,625,011**	(0.9)
Profit from operations (note 3)	1,245,765	1,533,490	1,556,540	1,515,152	**1,322,665**	(12.7)
Profit for the year attributable to owners of the Company (note 3)	959,202	1,212,057	1,217,642	1,234,968	**1,082,470**	(12.3)
Basic earnings per share RMB	0.494	0.623	0.629	0.656	**0.599**	(8.7)
Consolidated Statement of Financial Position as at 31 December						
Non-current assets (notes 2 and 3)	4,787,647	6,959,206	7,773,201	8,324,635	**10,112,936**	21.5
Current assets (note 3)	3,196,686	4,383,379	6,013,375	6,779,378	**6,404,823**	(5.5)
Total assets (notes 2 and 3)	7,984,333	11,342,585	13,786,576	15,104,013	**16,517,759**	9.4
Current liabilities (notes 2 and 3)	4,209,451	6,647,862	6,207,326	5,233,022	**8,525,224**	62.9
Non-current liabilities	94,706	124,961	2,281,611	4,624,545	**2,577,010**	(44.3)
Total liabilities (notes 2 and 3)	4,304,157	6,772,823	8,488,937	9,857,567	**11,102,234**	12.6
Net Assets (note 3)	3,680,176	4,569,762	5,297,639	5,246,446	**5,415,525**	3.2
Capital and reserves						
Equity attributable to owners of the Company (note 3)	3,680,176	4,566,778	5,294,969	5,244,257	**5,410,748**	3.2
Non-controlling interests	—	2,984	2,670	2,189	**4,777**	118.2
	3,680,176	4,569,762	5,297,639	5,246,446	**5,415,525**	3.2
Net assets per share attributable to owners of the Company (RMB)	1.894	2.349	2.737	2.851	**3.032**	6.3
Number of shares in issued (in thousand)	1,942,824	1,943,846	1,934,607	1,840,198	**1,786,012**	

Notes:

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

(2) The consolidated statement of financial position as at 31 December 2010 has been restated to reflect an adjustment to the consideration for a business combination which was completed during the year ended 31 December 2010.

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

Chairman's Statement

INDUSTRY OVERVIEW

In 2014, the complicated and volatile global economy was characterised by the contrast between the United States' recovery and Europe's sluggishness. The rise in the employment rate as a result of a faster economic recovery prompted the US government to conclude its quantitative easing policy in October. By contrast, the weakening economy made the Eurozone the most vulnerable part of the world's economy. Specifically, the Eurozone's low inflation, high unemployment rate and low industrial output has resulted in market expectation of persistent economic downturn.

In China, factors including economic restructuring, slowdown in investment and periodic reversal of the real estate market have triggered the deceleration of economic growth. The Chinese government attempted to improve the operating environment of the retail sector and encourage consumption to stimulate domestic demand and promote sustainable economic growth through a number of measures such as proceed with the reform of income distribution system and improve the social security system. The country's reform measures and development policies are expected to pave the way for healthy and sustainable economic development in the long term.

China's gross domestic product ("GDP") grew by 7.4% in 2014 to RMB63.6 trillion. The growth was the slowest since 1990, but was still faster than those of other major economies. The country's total retail sales of consumer goods grew by 12.0% to RMB26.2 trillion in 2014. Yet, the pace of growth was 1.1 percentage points lower than that recorded in 2013. Urban disposable income per capita increased by 9.0% to RMB28,844. If the price factor is excluded, the country's real GDP grew by 6.8%. Consumer price index was up by 2.0%.

Jiangsu Province, where the Group has already established a leading market position, achieved growth in GDP by 8.7% in 2014 to RMB6.5 trillion. Total retail sales of consumer goods in the province grew by 12.4% to RMB2.3 trillion, while urban disposable income per capita increased by 8.7% to RMB34,346.

BUSINESS OPERATION AND MANAGEMENT

Affected by the decelerating macroeconomic growth at home, China's mid-to-high-end retailers saw their business slowing down in 2014. Meanwhile, the emerging e-commerce has been reshaping the consumption habit of the Chinese consumers, affecting the operations of traditional department stores. The impact could not be neglected. Gross sales proceeds ("GSP") of the Group decreased by 5.9% to RMB15.8 billion due to a number of factors, such as the change in global economic environment, competition from new modes of retailing, the one-off effect of the upgrade and expansion of the Group's flagship store, Nanjing Xinjiekou Store, and the high base caused by the speculative demand for gold and jewellery in 2013. Profit from operations decreased by 12.7% to RMB1.3 billion while net profit for the year declined by 12.5% to RMB 1,080 million. Same-store sales growth ("SSSG") decreased by 5.5%.

Chairman's Statement

Leveraging on the development trends in China mid-to-high-end retail industry, the Group accelerated its strategic transformation from fashion department store to "comprehensive lifestyle shopping center", vigorously introduced specialty brands and continued to optimise merchandise mix in order to further enhance its competitiveness and inject new impetus in sales and profit growth.

— In terms of the introduction of specialty brands. Time Vallée, a high-end watch brand collection shop, held its grand opening in the Group's Nanjing Xinjiekou Store in March 2015. With its collection of a large number of top-tier international watch brands like VACHERON CONSTANTIN and IWC, the shop integrates the watch purchase process with sharing of watch histories and watchmaking technologies which offers unique and exclusive customised services to its target customers. In order to meet the needs of younger customers, on top of the introduction of international fast fashion name brands into the floor area, the Group also introduced ALVEARE (a self-operated Korean fashion collection shop by the Group), as well as creative living collection shops in its stores.

— Performance enhancement of categories with high growth potential. During the year, the Group focused on performance enhancement of cosmetics, outdoors and sportswear, children's wear and toys product categories with high sales growth potential. The sales in outdoors and sportswear product category increased by 19.3% to RMB775 million. The Group also actively explores new categories of goods, such as creative home appliances and air purifiers. These products not only meet the needs of high quality living, but also boost the stores' sales productivity and profitability per square meter.

— Investment in and cooperation with controllable merchandise resources. In order to offer customers with comprehensive and unique merchandise and increase its profit margins continuously, the Group cooperates closely with high quality brands by ways of buyout, distribution arrangements and equity investments. As at the end of 2014, the Group owns 47 controllable merchandise brands, including domestic and international specialty brands from Australia, France and Korea.

— Optimisation of business model. The Group strives to transform the cooperation relationship with established famous brands which have a steady and growing sales performance, from concessionaire contract to direct sales business model. This optimisation not only strengthens the mutual beneficial cooperation between the Group and the brand suppliers, but also enhances the Group's ability of single-product management, improves brand sales, effectively reduces the Group's risk of launching new proprietary brands into markets under direct sales business model and helps the Group to generate higher operating profit.

Chairman's Statement

— Building star business and investing in brands. The Group actively explored the premium supermarket segment, developed and operated self-owned supermarket brand G-MART, and strived to build a star business with strong attraction, fast growing performance and high level of profitability. The G-MART at Nanjing Xinjiekou Lifestyle Center, with an operating area of approximately 3,700 square meters and offers a variety of gourmet products including organic foods, fresh fruits and vegetables, imported goods, fine gifts, special light meals and health tonic, has achieved encouraging growth since its opening. It has already become the premium supermarket with best quality and highest sales performance in town. Meanwhile, the business development of the Group's brand investment was also very encouraging. Mr. Pizza, the No.1 pizza brand in Korea, has opened five stores in the Group's chain stores, bringing a large volume of foot traffic to the related chain stores and showing rapid growth in revenue. In particular, Mr. Pizza at Nanjing Xinjiekou Store recorded revenue of over RMB13.0 million within eight months of operation since its opening.

In order to create new growth momentum, the Group also integrated all its marketing resources and focused on 68 "BIG DAYS" in 19 key marketing campaigns throughout the year. The Group coordinated and allocated marketing resources among its chain stores and carried out unified promotional campaigns with major supplier brand names of cosmetics, gold and jewellery and apparel to achieve growth in both sales and operating profit of the Group. In the second half of the year, through the joint efforts and execution of each chain store, the Group's sales on the "Single's Day" increased by 24.0% to RMB69 million, and its sales during Christmas increased by 16.0% to RMB190 million. The more exciting is that the Group's sales on Valentine's Day increased by 100% to RMB240 million.

The Group has endeavored to increase the number of its VIP customers, enhance the service quality offer, enrich the content of VIP customer services and gradually build an O2O (Online to Offline) business model that suits the business development of the Company, thus improving the Group's overall performance.

— Expanding the VIP customer base. The Group further strengthened its cooperation with banks in the joint credit card business, and issued joint credit cards with the China Construction Bank and the Bank of Communications during the year. At the same time, the Group issued trial "Hipster Card" to younger customers to actively expand its younger customers base. As at 31 December 2014, the Group had approximately 1,710,000 VIP customers. Sales to VIP customers accounted for approximately 55.5% of the Group's total GSP while sales to VIP customers at mature stores accounted for over 58.0% on average.

— Enriching the content of VIP customer service and enhancing the service quality. Through continuous new business investment, the Group's VIP member cards now covers on-line and off-line comprehensive lifestyle services in various functions such as fashion shopping, dining and leisure, hotel services, luxury automobile sales and integrated services, marine life exhibition, iPoint reward points redemption platform, online supermarket and overseas shopping.

— The Group continued to implement its Omni-Channel marketing through various channels such as mobile phone application "goodee mobile App" (掌上金鷹), the WeChat social network platform and the "Electronic VIP Card, to build and develop marketing channels with high efficiency and low cost. Such moves effectively deliver real-time information about sales promotion to customers, optimise customer shopping experience, enable them to enjoy various VIP value-added services more easily and further stimulate their shopping desire. As at the end of 2014, the "goodee mobile App" application has registered over 2 million downloads, representing an increase of 100% as compared to those in 2013 and had over 750,000 VIP customers who connected their VIP cards with the "goodee mobile App" application. The "goodee mobile App" is the most active mobile application in China's department store industry.

CORPORATE DEVELOPMENT AND OPENING OF NEW STORES

The Group has accurately analysed the competitive landscape of China's mid-to-high-end retail industry, taking advantage of various resources such as merchandises, marketing and customer service accumulated over the past years and fully implemented the "comprehensive lifestyle concept" in 2014. Since 2014, the Group opened five new comprehensive lifestyle centers, increasing the Group's total number of lifestyle centers to seven. Moreover, additional floor area has commenced operation in Changzhou Jiahong Store. The newly opened stores and the enlarged old stores together boosted the total gross floor area of chain stores by approximately 305,000 square meters.

On 24 January 2014, the gross floor area ("GFA") of Changzhou Jiahong Store was increased by approximately 18,400 square meters to approximately 51,800 square meters, which include an interactive aquarium. With the expansion of the store, Changzhou Jiahong Store became the first of its kind to have introduced aquarium into department stores in China, attracting a large number of customers. Together with other new features, including premium supermarket, casual dining and other business functions, had created new growth momentum for the store, and further enhanced the synergies among Changzhou Jiahong Store, Changzhou Wujin Store and Liyang Store, helping to solidify the Group's position in the Changzhou market.

On 26 April 2014, Xinjiekou Lifestyle Center, the prototype of the Group's comprehensive lifestyle center located at Nanjing Xinjiekou Store Block B, commenced trial operation. The newly opened commercial area in Block B with 81,100 square meters, and the existing operating area in Block A, are connected by a space corridor, an elevated glass walkway, from the third to sixth floors, bringing the total operating area to over 114,500 square meters. The area for comprehensive lifestyle functions and amenities accounted for 31.8% of the total operating area of Xinjiekou Lifestyle Store. The diversified merchandise and amenities offers effectively attracted foot traffic and brought in young and fashionable consumers. Since the opening of Block B, Xinjiekou Store's sales have been improving quickly month by month, further reinforcing the Group's leading position in Nanjing.

Chairman's Statement

On 6 September 2014, Yancheng Julonghu Store, which is the Group's second lifestyle center in Yancheng, commenced trial operation. The store is located at the core business area of southern Yancheng City with GFA of approximately 110,800 square meters and with 34.8% of the total operating area for comprehensive lifestyle functions and amenities. This store integrated an aquarium, a family entertainment park, a premium supermarket, specialty food and drink stores and other multi-function business functions. It not only brought a whole new shopping experience to the local customers, but also boosted growth in earnings for itself. During its 114 days of operation, GSP of this store has reached over RMB100 million. Yancheng Julonghu Store, Yancheng Store and Yancheng Outlet Store have formed a conglomerate for coordinated development, which helps to reinforce the Group's leading position in the local market.

On 20 December 2014, Nantong Yuanrong Store, the Group's second store as well as the first comprehensive lifestyle center in Nantong, commenced trial operation. This store is located at the core business area in Nantong with GFA of approximately 94,700 square meters. Yuanrong Store introduced various feature brands and comprehensive business forms in Nantong for the first time and quickly became the new business landmark in Nantong. The foot traffic has reached over 300,000 and GSP reached over RMB15.0 million during its first three days of operation.

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

On 31 January 2015, the Group's Kunshan Lifestyle Center commenced trial operation. This store is located at the core business area of Kunshan downtown with GFA of 118,500 square meters, and has integrated fashion shopping, catering, family entertainment, leisure and artistic activities in one, bringing a fashionable and innovative lifestyle shopping experience to customers. With mutual supports from Kunshan Golden Eagle Tiandi Plaza, a commercial complex with GFA of over 1 million square meters, the GSP of the store reached over RMB11.50 million during its first four days of operation.

On 8 October 2014, as the landlord failed to provide the property where Xi'an Xiaozhai Store is located in the agreed conditions, after prudent and careful consideration, the Group has decided to suspend operation of the store on the ground that the store is unable to maintain its normal operation with the lack of core operating area. The Group is actively looking for a new location which suits the development of lifestyle center to further consolidate and expand the Group's market position in Xi'an.

Chairman's Statement

On 28 October 2014, as the landlord failed to provide property with reasonable conditions as agreed for Hefei Suzhou Road Store Block C, it was difficult for Block C to operate under normal conditions. After careful and thorough consideration, the Group decided to reduce its operating area at Block C, with GFA of approximately 14,200 square meters. The reduction of Block C operating area will help Hefei Suzhou Store to optimise its business resources and thus improve operating results.

Based on the sites secured by the Group for its new store expansion, the Group will press on with the plan to increase the GFA of its chain stores by approximately 1.45 million square meters in the next three years. Majorities of the stores will be in the form of lifestyle center and customised according to the location and shopping habits of the local customers so as to establish a distinctive format and increase the Group's competitiveness. Furthermore, the Group will continue to focus on high-quality premises that are suitable for the comprehensive lifestyle concept, that the Group can operate steadily in a long term cost-effective manner with considerable scale and enriched service model.

During the period under review, in order to continuously increase the competitiveness in this rapid changing retail environment, the Group has acquired marine world business and entered into the relevant contract for the acquisition of automobile sales and integrated services business, accelerated the strategic transformation from fashion department store to "comprehensive lifestyle shopping center", provided more customised and unique value-added services to VIP customers and strengthened the Group's competitiveness and profitability. Meanwhile, the Group will continue to actively seek for opportunities of investment, co-operation, merger and acquisition that can fulfil the Group's development and investment strategies and objectives, hence laying a solid foundation for the Group's business expansion.

OUTLOOK

Since 2014, the Chinese government has adopted a series of policies to revive the decelerating economy. However, due to the periodic reversal in the real estate sector and the economic restructuring, the economic growth rate in 2014 hit a historical low. As part of the government's measures to stimulate the economy, the country's central bank announced interest rate cuts in March 2015 again for RMB loans and deposits in financial institutions. This will expand the floating range of interest rates, allowing the market to take a more decisive role in allocating resources, stimulating consumption and reducing the finance cost for companies, bringing more opportunities for retail industry to recover. At present, China's economic restructuring has reached a crucial stage, and the Chinese government will implement a series of fiscal and monetary measures to further stimulate consumers' demand in the future. The retail industry will seek for more opportunities for development amid the country's economic restructuring.

Chairman's Statement

The management remains cautiously optimistic about China's economic development and growth in domestic consumption in the future. In 2015, the Group will implement more proactive and effective measures to explore effective ways, including introducing unique and innovative functions and amenities into the floor area, enhancing the sales performance and profitability of the well established stores, shortening the ramp-up and nurturing period of new stores, so as to further consolidate and reinforce its leading position in the industry. These measures include: (i) further optimising and upgrading the mix of merchandise and lifestyle functions and amenities in the floor area, prioritising the development and sales of new product categories with high growth potential, and enhancing its comprehensive lifestyle centers so that they are suitable for shopping, leisure and gathering of the people; (ii) continuing to utilise the Group's integrated marketing edges during key promotional campaigns, improving the "goodee mobile App" (掌上金鷹) on mobile device, optimising the O2O (Online to Offline) business model, implementing Omni-Channel marketing and electronicalised business model (商務電子化), developing new and unique businesses and services that meet the demand of VIP customers and enhancing customer satisfaction and loyalty which enabling the Group to accelerate growth and improve results; (iii) continuously obtaining controllable merchandise resources, strengthening its competitiveness and laying a solid foundations for the Group's development of e-commerce; and (iv) fostering the formation of core senior management which is ready for future business expansion.

Upon the one-off effect of the upgrade and expansion of Nanjing Xinjiekou Lifestyle Center, coupled with the positive results brought by the lifestyle center business model, the Group's operating performance is expected to have room and opportunities for improvement in the year 2015.

Meanwhile, the Group will also steadily develop its new chain stores. We will ensure that each new store will be managed by a pragmatic and efficient management team with unique and distinctive collection of brands, which will strive to shorten the ramp-up period of the new stores. In the next three years, the Group will continue to reinforce its leading position in the industry and solidify its presence in the regions of Jiangsu, Anhui, Shaanxi and Yunnan Provinces, where the Group already has business presence, by prudently operating comprehensive lifestyle centers at self-owned properties or premises with long-term leases or through mergers and acquisitions. The move will strengthen the Group's competitive strength for long-term business growth. We will also proactively identify opportunities for co-operation and collaboration with leading enterprises in the related industries.

With its strong brand equity, prominent execution capability, sound financial position and a loyal VIP customer base, the Group will continue to endeavor in achieving satisfactory returns to its shareholders.

Chairman's Statement

Lastly, on behalf of the Board, I would like to express my sincere appreciation for the devoted hard work of the management and all our staff members, as well as the support from our shareholders, business partners and loyal customers. In the coming year, the Group's management and all staff members will continue to collaborate with each other, and will be prepared to capture new opportunities and tackle challenges, striving to achieve greater success for the Group.

Wang Hung, Roger
Chairman

23 March 2015

Management Discussion and Analysis

FINANCIAL REVIEW

GSP and Revenue

During the year, the Group faced a challenging and volatile economic situation and the increasing competition from the emerging retail industry. Accompanied by the one-off effect of the upgrade and expansion of the Group's flagship, Nanjing Xinjiekou Store, and the high base caused by the speculative demand of gold and jewellery in last year, the Group's GSP recorded a decrease of 5.9% or RMB992.2 million to RMB15,840.9 million for the year ended 2014. SSSG decreased by 5.5% while Nanjing Xinjiekou Store recorded a decrease in SSSG of 11.7%.

On the other hand, younger stores such as Yangzhou Jinghua Store, Nanjing Xianlin Store, Huaibei Store, Suqian Store and Yancheng Outlet Store, the new growth drivers of the Group's sales, have achieved an encouraging SSSG of 16.8%, 16.2%, 10.5%, 27.8% and 29.6%, respectively, during the period under review.

With increasing GSP contributions from younger stores, the contribution to GSP from Nanjing Xinjiekou Store decreased from 21.0% to 19.7% while the aggregate contribution to GSP from the three largest contributors, namely Nanjing Xinjiekou Store, Yangzhou Store and Xuzhou Store, decreased from 43.3% to 42.1%.

During the year 2014, concessionaire sales contributed 89.7% (2013: 90.8%) of the Group's GSP, representing a decrease of 7.0% from RMB15,276.0 million to RMB14,205.2 million, and direct sales contributed 9.4% (2013: 8.7%) of the Group's GSP, representing an increase of 2.0% from RMB1,456.5 million to RMB1,485.8 million. Rental income contributed the remaining 0.9% (2013: 0.5%) of the Group's GSP, representing an increase of 76.7% from RMB84.9 million to RMB149.9 million.

Commission rate from concessionaire sales increased to 18.2% (2013: 17.8%) while the gross profit margin from direct sales decreased to 17.8% (2013: 18.3%), resulting the overall gross profit margin from concessionaire sales and direct sales increased to 18.2% (2013: 17.8%). The increase was mainly due to (i) the decrease in the sales of certain product categories which carried lower commission rates such as gold and jewellery; (ii) the overall increase in younger stores' commission rates; and (iii) more discount initiatives on our direct sales products so as to provide good quality products with competitive price to the Group's loyal customers and to enhance traffic in the stores.

In terms of GSP breakdown by merchandise categories, apparel and accessories contributed 51.4% (2013: 52.1%) of the GSP, gold, jewellery and timepieces contributed 20.4% (2013: 21.6%), cosmetics contributed 8.8% (2013: 8.1%), outdoor and sportswear contributed 4.9% (2013: 3.9%), and the remaining categories including tobacco and wine, household and electronic appliance, children's wear and toys contributed the remaining 14.5% (2013: 14.3%).

The Group's total revenue amounted to RMB3,625.0 million, down 0.9% from last year. The decrease in revenue was generally in line with the decline in GSP. However, thanks to the overall improvement in gross margins from concessionaire sales and direct sales, the rate of decrease in revenue was lower than that of GSP.

Management Discussion and Analysis

Other operating income

Other operating income increased by RMB51.6 million or 22.2% to RMB284.6 million for the year 2014. The increase was mainly due to the increase in income from suppliers and customers, which include various miscellaneous income in the amount of RMB52.4 million, from RMB205.3 million to RMB257.7 million.

Changes in inventories of merchandise

Changes in inventories of merchandise represented the cost of goods sold under the direct sales business model. Changes in inventories of merchandise increased by RMB27.8 million or 2.7% to RMB1,044.6 million for the year 2014. The increase was generally in line with the increase in direct sales.

Employee benefits expense

Employee benefits expense increased by RMB55.6 million or 14.8% to RMB431.2 million for the year 2014. The increase was primarily contributed by (i) the inclusion of employee benefits expense for those new comprehensive lifestyle centers (namely Yancheng Julonghu Store and Nantong Yuanrong Store) and additional retail spaces (namely Changzhou Jiahong Store and Nanjing Xinjiekou Block B) which opened or commenced operation in the year 2014; (ii) the inclusion of employee benefits expense for the two new lifestyle centers opened in January 2015 (namely Danyang Store and Kunshan Store); and (iii) the continuous investment in staff to prepare for the Group's upcoming lifestyle centers with multi-functions and amenities.

Employee benefits expense as a percentage to GSP increased by 0.6 percentage point to 3.2% as compared to 2.6% for the same period last year.

Depreciation and amortisation

Depreciation and amortisation of property, plant and equipment and investment property and release of prepaid lease payments on land use rights increased by RMB40.1 million or 18.7% to RMB254.5 million for the year 2014. The increase was mainly due to: (i) the inclusion of depreciation and amortisation for those new lifestyle centers or additional retail spaces which opened or commenced operation in the year 2014; (ii) the additional depreciation and amortisation recognised for the continuous upgrade and renovation of the Group's existing stores, including but not limited to the introduction of more lifestyle functions and amenities into its floor area; and (iii) the additional one-off depreciation and amortisation charge of RMB6.7 million on the reduction of operating gross floor area of Hefei Suzhou Road Store by 14,200 square meters in October 2014.

Depreciation and amortisation expenses as a percentage to GSP increased by 0.4 percentage point to 1.9% as compared to 1.5% for the same period last year.

Management Discussion and Analysis

Rental expenses

Rental expenses increased by RMB14.7 million or 8.6% to RMB184.9 million for the year 2014. This was mainly contributed by (i) the inclusion of rental expenses for those additional retail spaces operating in leased properties, namely a portion of the operating area of Nanjing Xinjiekou Block B, which commenced operation during the period under review; (ii) the increase in sales contribution from stores which are operating in leased properties and paying rental expenses with reference to a percentage of GSP, such as Yangzhou Jinghua Store and Nanjing Xianlin Store; and (iii) the decrease in rental expenses by RMB7.9 million for those stores which were closed/suspended operation during the comparable periods, including Suzhou Store in 2013 and Xi'an Xiaozhai Store in 2014, and the reduction in operating area of Hefei Suzhou Road Store in 2014.

Rental expenses as a percentage to GSP increased by 0.2 percentage point to 1.4% as compared to 1.2% for the same period last year.

Other operating expenses

Other operating expenses increased by RMB71.5 million or 11.9% to RMB671.7 million for the year 2014. Other operating expenses mainly include water and electricity expenses, advertising and promotion expenses, repair and maintenance expenses and property management fees. The increase was primarily contributed by the inclusion of other operating expenses for those new comprehensive lifestyle centers or additional retail spaces which opened or commenced operation in the year 2014. Had these stores been excluded on a comparable basis, other operating expenses would have been increased by RMB6.2 million or 1.1%.

Other operating expenses as a percentage to GSP increased by 0.8 percentage point to 5.0% as compared to 4.2% for the same period last year.

Profit from operations

Profit from operations, which is the earnings before interest and taxes, decreased by RMB192.6 million or 12.7% to RMB1,322.7 million for the year 2014.

Profit from operations as a percentage to GSP decreased to 9.8%, a 0.7 percentage point decrease as compared to 10.5% for the same period last year while profit from operations as a percentage to revenue decreased to 36.5%, a 4.9 percentage points decrease as compared to 41.4% for the same period last year, which was mainly due to the decrease in gross profit and the overall increase in operating expenses during the period under review.

Management Discussion and Analysis

Finance income

Finance income comprised income generated from bank deposits and various short-term bank related deposits, including investments in interest bearing instruments and structured bank deposits, placed by the Group in banks when the Group has surplus capital. Finance income increased by RMB17.4 million or 7.2% to RMB260.0 million for the year which was primarily due to more capital being placed in various short-term bank related deposits during the period under review.

Finance costs

Finance costs comprised interest expenses on the Group's bank loans and senior notes. Finance costs decreased by RMB3.0 million or 1.9% to RMB160.0 million for the year 2014.

Other gains and losses

Other gains and losses mainly comprised (i) net foreign exchange gains and losses resulting from the translation of foreign currencies denominated assets and liabilities into RMB; (ii) gains and losses and dividend income arising from the Group's securities investments; and (iii) the changes in fair value of the conversion and redemption options attached to zero coupon convertible bonds subscribed by the Group in August 2011 from a trade supplier during the period under review.

Other gains and losses increased from a net gain of RMB99.9 million to RMB112.4 million. Such increase was primarily due to the net effects of (i) foreign exchange difference of RMB116.5 million from a net foreign exchange gain of RMB103.1 million to a net foreign exchange loss of RMB13.4 million as a result of the fluctuations in RMB exchange rates during the period under review; and (ii) the increase in gains on disposal of the Group's securities investment by RMB120.8 million during the period under review.

Share of profit of associates

Share of profit of associates mainly represented the Group's share of results of its (i) 38.4% owned associate, Allied Industrial Corp., Ltd. (中美聯合實業股份有限公司); and (ii) 49.0% owned associate, iROO & Eagle International Co., Limited (依洛金鷹國際股份有限公司).

Income tax expense

Income tax expense of the Group decreased by RMB15.7 million or 3.3% to RMB457.6 million. Effective tax rate for the period under review was 30.0% (2013: 27.7%). The increase in effective tax rate by 2.3 percentage points was mainly due to the increase in offshore non-deductible expenses, including the finance costs.

Management Discussion and Analysis

Profit for the year

Owing to the decrease in profit from operations and increase in non-core operating profits, profit for the year decreased by RMB154.2 million or 12.5% to RMB1,080.3 million. The net profit margin to GSP was 8.0% (2013: 8.6%) for the year 2014.

The decrease was mainly due to the net effects of (i) the decline in net operating profit of Nanjing Xinjiekou Store by RMB81.4 million due to its one-off overall improvement work, including the construction works and the initial startup costs. The performance of Nanjing Xinjiekou Store has been stabilised and gradually improving since the second half of 2014; (ii) the increase in net operating losses by RMB6.9 million for loss making stores opened since 2011 which included the 6 stores opened in 2011 and 2012 and the 2 lifestyle centers opened in 2014; (iii) the 2 stores closed in 2013 and 2014 which contributed RMB13.5 million decrease in net operating profit; and (iv) due to the impact from subway construction and intensive competition in Hefei area, Hefei Dadongmen Store and Hefei Baihuajing Store had become loss making this year and contributed RMB17.7 million decrease in net operating profit. For the year ended 31 December 2014, the aggregate net operating losses generated by 10 (2013: 9) loss making stores amounted to RMB93.0 million (2013: RMB90.3 million).

Capital expenditure

Capital expenditure of the Group for the year 2014 amounted to RMB1,061.7 million (2013: RMB342.2 million (restated)). The amount mainly comprised contractual payments for acquisition of property, plant and equipment, 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.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2014, 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 RMB5,408.6 million (2013: RMB5,941.7 million (restated)) whereas the Group's total borrowings (including bank borrowings and senior notes) amounted to RMB5,536.0 million (2013: RMB4,494.2 million). For the year ended 31 December 2014, the Group's net cash generated from operating activities amounted to RMB722.4 million (2013: RMB1,275.1 million (restated)), the Group's net cash used in investing activities amounted to RMB453.7 million (2013: RMB2,391.0 million (restated)) and the Group's net cash used in financing activities amounted to RMB114.9 million (2013: RMB58.4 million (restated)).

The Group's bank borrowings amounted to RMB3,116.4 million (2013: RMB2,086.6 million) which comprised of short-term bank loans of RMB1,003.8 million (2013: nil) and a 3-year dual-currency syndicated loan of RMB2,112.6 million (2013: RMB2,086.6 million) which will be due for full repayment on 17 April 2015 and was classified as current liabilities during the period under review. The senior notes amounted to RMB2,419.6 million (2013: RMB2,407.6 million) as at 31 December 2014.

Total assets of the Group as at 31 December 2014 amounted to RMB16,517.7 million (2013: RMB15,104.0 million (restated)) whereas total liabilities of the Group amounted to RMB11,102.2 million (2013: RMB9,857.6 million (restated)), resulting in a net assets position of RMB5,415.5 million (2013: RMB5,246.4 million (restated)). The gearing ratio, calculated by dividing the total borrowings over the total assets of the Group, increased to 33.5% as at 31 December 2014 (2013: 29.8%).

The capital commitments of the Group as at 31 December 2014 amounted to RMB1,912.6 million (2013: RMB1,175.5 million), which were contracted for but not provided in the consolidated financial statements for the contractual payments for the acquisition of property, plant and equipment and land use rights and the acquisition of a joint venture, an associate and a subsidiary. The capital commitments which were contracted for but not fully approved amounted to RMB25.0 million as at 31 December 2014 (2013: nil).

CONTINGENT LIABILITIES

As at 31 December 2014, the Group had no material contingent liabilities.

Management Discussion and Analysis

PLEDGE OF ASSETS

As at 31 December 2014, the Group pledged the equity interests of certain subsidiaries and created fixed and floating charges over the assets of these subsidiaries to secure the syndicated loan facility granted to the Group.

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

	2014	2013
	RMB'000	RMB'000
Available-for-sale investments	**68,398**	75,268
Trade and other receivables	**—**	28,539
Restricted cash	**17,104**	15,554
Bank balances and cash	**33,452**	354,731
	118,954	474,092

FOREIGN EXCHANGE EXPOSURE

Certain amount of bank balances and cash, available-for-sale investments, bank loans and senior notes of the Group are denominated in Hong Kong dollar ("HKD") or United States dollar ("USD") which exposed the Group to foreign exchange risks associated with the fluctuations in exchange rates between HKD/USD and RMB. For the year ended 31 December 2014, the Group recorded a net foreign exchange loss of RMB13.4 million (2013: a net foreign exchange gain of RMB103.1 million). The Group's operating cashflows are not subject to any exchange fluctuation.

EMPLOYEES

As at 31 December 2014, the Group employed a total of approximately 6,000 employees (2013: 5,300) with remuneration in an aggregate amount of RMB431.2 million (2013: RMB375.7 million). The remuneration policies of the Group are formulated with reference to market practices, experiences, skills and performance of the individual employee and will be reviewed every year.

CORPORATE SOCIAL RESPONSIBILITY

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

Directors and Management Profiles

DIRECTORS

Executive Director

Mr. Wang Hung, Roger (王恒), aged 66, is the chairman of the Company and is responsible for the overall management, strategic planning and major decision-making of the Group. Mr. Wang obtained a bachelor degree in Economics from Chinese Culture University of Taiwan and a master degree in business administration ("MBA") from Southeastern Louisiana University of the United States in 1969 and 1973 respectively. Mr. Wang established Transpacific Management Inc. in the United States in 1978 and is the president of the company. He established Golden Eagle International Group in 1992 and has been its chairman since then. Mr. Wang was awarded the Honorary Citizen of Nanjing in 1994. He is now the honorary chairperson of The Association of Overseas Affairs of Nanjing (南京市海外聯誼會). Mr. Wang was also awarded Entrepreneur of the Year 2011 China by Ernst & Young. He has over 36 years of experience in the development and management of real estate and department store retailing.

Independent non-executive Directors

Mr. Wong Chi Keung (黃之強), aged 60, holds a MBA degree from University of Adelaide in Australia. He is a fellow member of Hong Kong Institute of Certified Public Accountants, The Association of Chartered Certified Accountants and CPA Australia; an associate member of The Institute of Chartered Secretaries and Administrators and The Chartered Institute of Management Accountants. Mr. Wong is also a Responsible Officer for asset management, advising on securities and corporate finance for Greater China Capital Limited (formerly known as Sinox Fund Management Limited) under the Securities and Futures Ordinance of Hong Kong. Mr. Wong was an the executive director, the deputy general manager, group financial controller and company secretary of Yuexiu Property Company Limited (formerly known as Guangzhou Investment Company Limited), a company listed on the Stock Exchange, for over ten years. He is also an independent non-executive director and a member of the audit committee of Asia Orient Holdings Limited, Asia Standard International Group Limited, Century City International Holdings Limited, China Nickel Resources Holdings Company Limited, China Ting Group Holdings Limited, ENM Holdings Limited, Yuan Heng Gas Holdings Limited (formerly known as Ngai Lik Industrial Holdings Limited), Paliburg Holdings Limited, Regal Hotels International Holdings Limited, TPV Technology Limited and Zhuguang Holding Group Company Limited, all of which are listed on the Stock Exchange. Mr. Wong has retired/resigned as an independent non-executive director of PacMOS Technologies Holdings Limited, First Natural Foods Holdings Limited and FU JI Food and Catering Services Holdings Limited, all of which are listed on the Stock Exchange, with effect from 1 July 2014, 21 November 2013 and 24 June 2011 respectively. Mr. Wong has over 38 years of experience in finance, accounting and management.

Directors and Management Profiles

Mr. Wang Yao (王耀), aged 56, obtained a PhD degree in engineering from Harbin Institute of Technology (哈爾濱工業大學) in March 1989. Mr. Wang is the vice-chairman of China General Chamber of Commerce (中國商業聯合會). He is also the officer (主任) of Information Centre of Commerce of the PRC (中華全國商業信息中心). He is primarily dedicated to the research on the PRC retail market, macroeconomy and retail data statistics and analysis. He provides retail market consulting services to the government. He also published periodic monitoring and forecast reports on China consumables retail market from 1997 to 2014. Mr. Wang is also an independent non-executive director of Bosideng International Holdings Limited and Hosa International Limited, both of which are listed on the Stock Exchange.

Mr. Lay Danny J (雷壬鯤), aged 63, graduated with a B.S. in Physics from Chung Yuan University of Taiwan and a MBA degree from Drury University in Missouri of the United States of America. Mr. Lay is now the Business Leader of Emerson Commercial and Residential Solutions, Asia Pacific Region, the Vice President of Business Development & Operations, Emerson Electric Company, South-east Asia Region, the Chairman and Director of Emerson Professional Tools (Shanghai) Ltd. and a Director of Emerson Junkang Enterprise (Shanghai) Co., Ltd.. He is also a Director of Allied Industrial Corp., Ltd. (中美聯合實業股份有限公司) (a company listed on the Taiwan's GreTai Securities Market (證券櫃檯買賣中心)) (a 38.4% associate of the Company). Mr. Lay is a fellow member of Hong Kong Institute of Directors and a member of the Board of Trustees at Drury University in Missouri of the United States of America. Mr. Lay has over 21 years of experiences in operational management. He was (i) the Special Assistant to the Governor of the State of Missouri, United States of America, (ii) the Commissioner for U.S. Banks, (iii) the General Manager of Ridge Tool Asia Pacific, (iv) the Director of Ridge Tool (Australia) Pty. Ltd., Leroy Somer Electro-Technique (Fuzhou) Co., Ltd., Tsubaki Emerson Co. Osaka, Japan, ClosetMaid (Jiangmen) Ltd., Tsubaki Emerson HSC (Tianjin) Co., Emerson Electric (China) Holdings Co., Ltd., Zhejiang Emerson Motor Co. Ltd., Emerson Electric (M) Sdn. Bhd., Emerson Electric (Thailand) Ltd., the Director and President of Emerson Electric Company, Greater China, (v) the Chairman and General Manager of Emerson Trading (Shanghai) Co., Ltd. and (vi) the Managing Director of Emerson Electric (Taiwan) Co., Ltd..

SENIOR MANAGEMENT (MEMBERS FROM THE OFFICE OF THE PRESIDENT)

Mr. Su Kai (蘇凱), aged 37, is the Chief Executive Officer of the Group. Mr. Su graduated from Henan University of Science and Technology (河南科技大學) in automation in 1999 and obtained a MBA degree from Shanghai Jiaotong University (上海交通大學) in 2007. He was the chief executive officer of San Fu Department Store Ltd. (三福百貨有限公司), a leading specialty retailer of private label apparel (SPA) department store in China; the general manager of IBM Global Business Services Division Nanjing Branch; the regional director of the Eastern Region, Southern Region and Greater China Region of Kronos as well as the person-in-charge of the United States Workforce Institute China Branch; and the branch manager of BenQ Guru Nanjing Branch. He joined the Group in July 2014 and was appointed as the Chief Executive Officer in August 2014. Mr. Su is responsible for managing the Group's overall daily operations. Mr. Su has over 15 years of extensive management experiences in retail management, business strategy development, human resource management and information technology industry.

Directors and Management Profiles

Mr. Zhu Yongfei (朱永飛), aged 50, is the senior vice president of the Group. Mr. Zhu obtained a bachelor degree in Power Vacuum Technology Professional from Southeast University (東南大學) in 1985. He joined Golden Eagle International Group in August 2012 and served as the assistant president of Golden Eagle International Group and the general manager of Golden Eagle International Properties Asset Management Co., Ltd.. He also served as the general manager of merchandising operation management center of Golden Eagle International Group in April 2013. He was re-designated to the Group in August 2014, and is responsible for the procurement and management of the Group's lifestyle functions and amenities. Mr. Zhu has over 20 years of experience in corporate and merchandising management.

Mr. Shao Yong (邵勇), aged 50, is the senior vice president of the Group. Mr. Shao obtained a bachelor degree in Economics from Anhui Institute of Finance & Trade (安徽財貿學院) in 1991. He joined the Group in December 2002. He has been the general manager of Xuzhou Store, Yancheng Store and Huaibei Store and was promoted as the vice president of the Group in November 2006. He was promoted as the current position in January 2015. He is the general manager of the Group's operation in the northern part of Jiangsu Province region and is responsible for the Group's integrated management and chain development in the region. He also participates in the Group's overall chain store operational management. Mr. Shao has over 23 years of experience in retail management.

Mr. Wang Ming Yuan (王明遠), aged 44, is the vice president and the Chief Information Officer of the Group. Mr. Wang obtained a bachelor degree in Materials Science from Jiangsu University (江蘇大學) in July 1993 and a master degree in Applied Computer Science from Xidian University (西安電子科技大學) in July 2003. Mr. Wang has years of experience in information management and business optimisation processes for fast moving consumer goods industry, retailing industry and the real estate industry. He joined the Group at the current position in December 2011, and is responsible for the Group's information technology, e-commerce and business intelligence projects. Mr. Wang has over 20 years of experience in information technology and business optimisation processes.

Mr. Li Pei (李培), aged 51, is the vice president of the Group. Mr. Li obtained a bachelor degree in Animal Husbandry and Veterinary Medicine from Yangzhou University (揚州大學) in 1986. He joined the Group in October 2001 and served as the deputy director of merchandising department of Yangzhou Store, the director of operational department of Xuzhou Store, the assistant general manager and the deputy general manager of Xi'an Store, the general manager of Huai'an Store, the general manager of Yancheng Store and the assistant president of the Group. He was promoted as the vice president of the Group in January 2014. He is responsible for the Group's integrated management in the central part of Jiangsu Province, as well as daily operational management of Yancheng Store. Mr. Li has over 22 years of experience in retail management.

Ms. Tai Ping, Patricia (戴苹), aged 42, is the Chief Financial Officer of the Group. Ms. Tai obtained a double bachelor degree in Accounting and Information System degree from Monash University, Australia in 1995. Ms. Tai is a fellow member of Hong Kong Institute of Certified Public Accountants and a member of CPA Australia. She has over 19 years of experience in auditing and financial management. Ms. Tai joined the Group in September 2008 as the assistant president of the Group and was promoted as the Chief Financial Officer in April 2009. She has also served as the Company Secretary of the Company from December 2010 onwards.

Directors and Management Profiles

Ms. Liu Meng Jie (劉夢婕), aged 35, is the assistant president of the Group. Ms. Liu graduated from Jinling Institute of Technology (南京金陵科技學院) in 2001, majoring in International Business Management. She joined the Group in 2001 and served as the deputy manager of the Group's promotion planning department, manager of promotion planning department of Nanjing Store, and manager, deputy director and director of the Group's promotion planning department. She was promoted as the assistant president of the Group in January 2013. She is responsible for the Group's promotion planning and the operational management of the Group's award points redemption platform. Ms. Liu has over 13 years of experience in promotion planning and management.

Mr. Tang Xiaochun (唐小春), aged 39, is the assistant president of the Group. Mr. Tang graduated from Nanjing University of Finance in 1999, majoring in Business Management. He joined the Group in 2010, and served as the deputy director and director of Human Resources Department. He was promoted as the assistant president of the Group in January 2014 and is responsible for the Group's human resources management and human resources sharing services. Mr. Tang has over 15 years of experience in human resources management.

Ms. Han Yuhong (韓玉紅), aged 45, is the assistant president of the Group. Ms. Han graduated from Tianjin University of Finance and Economics (天津財經大學) in 1989, majoring in Financial Management. She obtained a master degree in Economics from the same university in 1993. She joined the Group at the current position in April 2014 and is responsible for the Group's financial management. Ms. Han has over 21 years of experience in financial management.

Ms. Qian Jing (錢靜), aged 40, is the assistant president of the Group. Ms. Qian graduated from Nanjing Institute of Politics (南京政治學院) in 1994, majoring in Secretarial Profession. She joined the Group in 1995. Ms. Qian served as the deputy director and the director of Merchandising Department in Nanjing Xinjiekou Store and the deputy general manager and the general manager of Nanjing Xinjiekou Store. She was promoted as the assistant president of the Group in July 2014. Ms. Qian is responsible for the daily operational management of Nanjing Xinjiekou Store and Nanjing Zhujiang Road Store and has over 19 years of experience in retail management.

Ms. Wang Xuan (王軒), aged 41, is the assistant president of the Group. Ms. Wang graduated from Nanjing University of Science and Technology (南京理工大學) in 1995, majoring in International Economy and Trading. She joined the Group in 2004. Ms. Wang served as the manager, deputy director and director of Administration Department of the Group. She was promoted as the assistant president of the Group in January 2015. Ms. Wang is responsible for the integration of the Group's human resources and administration functions among different regions and individual stores and has over 20 years of experience in administration management.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

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

The Directors are of the opinion that save for the deviation from code provision A.2.1 during the period between January 2014 to August 2014, details of which are set out in the paragraph headed "Chairman and Chief Executive Officer" below, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") under Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") which were in force at the material time for the year ended 31 December 2014.

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

THE BOARD

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

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

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

Corporate Governance Report

BOARD COMPOSITION

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

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

During the year ended 31 December 2014, the Board had at all times met the relevant requirements under the Listing Rules relating to the appointment of at least three independent non-executive Directors (representing not less than one-third of the Board), with at least one independent non-executive Director possessing appropriate accounting and related financial management expertise. The independence of the independent non-executive Directors is assessed according to the relevant rules and requirements under the Listing Rules. The Company has received from each of the independent non-executive Directors a confirmation of his independence in accordance with Rule 3.13 of the Listing Rules and the Company is of the view that all independent non-executive Directors meet the independence guidelines and are independent in accordance with the relevant rules and requirements.

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under the Code provision A.2.1, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. During the year under review, the Chairman of the Board took a leading role in the day-to-day management and is responsible for the effective functioning of the Board. He was also responsible for the overall strategic development of the Group. The Group's senior management team was responsible for implementation of business strategy and management of the day-to-day operations of the Group's business. Having considered the current business environment and operations requirements, and the development strategy of the Group to evolve towards comprehensive lifestyle one-stop shopping concept, Mr. Su Kai (蘇凱) has been appointed as the chief executive officer of the Company with effect from 25 August 2014, who is responsible for managing the Group's overall daily operations.

Corporate Governance Report

APPOINTMENT, RE-ELECTION AND REMOVAL

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

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

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

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

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

NUMBER OF MEETINGS AND DIRECTORS' ATTENDANCE

During the year ended 31 December 2014, seven Board meetings were held and four sets of unanimous written resolutions of the Directors were made. Notice of regular Board meetings is given to all Directors at least 14 days before each meeting, and all Directors are given the opportunity to include matters in the agenda for discussion at the Board meetings. The agenda and meeting materials, including relevant background information and supporting analysis, are normally sent to all Directors at least three days before the regular Board meeting (and so far as practicable for such other Board meetings) to ensure that the Directors would have sufficient time and attention to the affairs of the Company. Their individual attendance of the seven Board meetings was as follows:-

Mr. Wang Hung, Roger (7/7)
Mr. Han Xiang Li (resigned on 17 March 2014) (0/7)
Mr. Wong Chi Keung (7/7)
Mr. Wang Yao (7/7)
Mr. Liu Chi Husan, Jack (retired on 21 May 2014) (3/7)
Mr. Lay Danny J (elected on 21 May 2014) (4/7)

Corporate Governance Report

During the year ended 31 December 2014, two general meetings were held. The individual attendance of each of the Directors at the general meeting was as follows:-

Mr. Wang Hung, Roger (0/2)
Mr. Han Xiang Li (resigned on 17 March 2014) (0/2)
Mr. Wong Chi Keung (2/2)
Mr. Wang Yao (1/2)
Mr. Liu Chi Husan, Jack (retired on 21 May 2014) (1/2)
Mr. Lay Danny J (elected on 21 May 2014) (0/2)

According to Code Provision E.1.2., the Chairman should attend the annual general meeting. At the annual general meeting held on 21 May 2014, Mr. Wang Hung, Roger, the Chairman of the Board, did not attend because he was engaged in another unexpected and urgent appointment. The Directors will endeavor to rearrange their other appointments and attend all general meetings in the future.

PRACTICES AND CONDUCT OF MEETINGS OF THE BOARD AND BOARD COMMITTEES

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

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

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all Directors, and the Directors have confirmed that they have complied with all relevant requirements as set out in the Model Code during the year ended 31 December 2014. The Company will from time to time reiterate and provide reminders to the Directors regarding the procedures, rules and requirements to be complied with by them in relation to Directors' dealings in securities.

Corporate Governance Report

ACCOUNTABILITY AND AUDIT AND AUDITOR'S REMUNERATION

The Directors acknowledge their responsibility for the preparation of the financial statements which give a true and fair presentation of the state of affairs of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014. This responsibility has also been mentioned in the Independent Auditor's Report on page 61 of this annual report.

In preparing the financial statements for the year ended 31 December 2014, the Board (a) adopted all applicable accounting and financial reporting standards, including but not limited to the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants; (b) selected suitable accounting policies and applied them consistently; (c) made prudent and reasonable judgements and estimates; and (d) ensured that the financial statements were prepared on a going concern basis.

The Directors are also responsible for ensuring timely publication of the Group's financial statements. The Company aims to present a clear, balanced and understandable assessment of the Group's performance and position through all its publications and communications to the public and is aware of the requirements under the applicable rules and regulations about timely disclosure of inside information. The annual results of the Group for the year ended 31 December 2014 and interim results of the Group for the six months ended 30 June 2014 were published within 3 months and 2 months respectively after the end of the relevant periods to provide stakeholders with transparent and timely financial information of the Group.

The statement by the auditors of the Company about their reporting responsibilities is set out on page 61 of this annual report. The auditors of the Company received approximately RMB1.95 million for the provision of audit services rendered during the year ended 31 December 2014 and no non-audit services had been rendered by the auditors of the Company during the period under review.

INTERNAL CONTROL AND THEIR EFFECTIVENESS

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

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

During the year ended 31 December 2014, the internal audit department had conducted reviews on the effectiveness of the internal control system covering all material factors related to financial, operational, compliance controls, various functions for risk management and physical and information security. Two semi-annual internal control reports containing its findings and results were reported to the Audit Committee during the Audit Committee meetings and had been delivered to all Directors for review.

The Audit Committee had reported during the Audit Committee meetings the key findings identified by the Company's external auditors in respect of the Group's internal controls and discussed findings and actions or measures taken in addressing those findings. No material issues on the Group's internal control system have been identified by the Company's internal audit department and the Company's external auditors during the year ended 31 December 2014 which required significant rectification works.

CONTINUOUS PROFESSIONAL DEVELOPMENT

The Directors have been informed of the requirement under the code provision A.6.5 of the CG Code regarding the continuous professional development. A summary of the trainings received by each of the Directors during the year ended 31 December 2014 is as follows:

	Reading	Attending training programs
Mr. Wang Hung, Roger	✓	✓
Mr. Han Xiang Li (resigned on17 March 2014)	✓	✓
Mr. Wong Chi Keung	✓	✓
Mr. Wang Yao	✓	✓
Mr. Liu Chi Husan, Jack (retired on 21 May 2014)	✓	✓
Mr. Lay Danny J (elected on 21 May 2014)	✓	✓

BOARD COMMITTEES

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

Audit Committee

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

During the year ended 31 December 2014, the Audit Committee reviewed the Group's interim and annual accounts and the effectiveness of internal control procedures. The Audit Committee had performed the following works:

(a) reviewed the financial reports for the six months ended 30 June 2014 and for the year ended 31 December 2014;

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

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

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

(e) reviewed and recommended to the Board the audit scope and auditor's remuneration for the year ended 31 December 2014.

During the year ended 31 December 2014, two Audit Committee meetings were held. The individual attendance of its members is as follows:-

Mr. Wong Chi Keung (2/2), Mr. Wang Yao (2/2), Mr. Liu Chi Husan, Jack (retired on 21 May 2014) (1/2) and Mr. Lay Danny J (elected on 21 May 2014) (1/2).

Remuneration Committee

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

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

During the year ended 31 December 2014, the Remuneration Committee had reviewed the Group's policy on the remuneration of all Directors and senior management and one Remuneration Committee meeting was held. The individual attendance of its members is as follows:-

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

Nomination Committee

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

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

During the year ended 31 December 2014, no new Director had been appointed and no meeting was held by the Nomination Committee. The Nomination Committee will meet as and when required.

Corporate Governance Report

CORPORATE GOVERNANCE FUNCTION

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

COMPANY SECRETARY

The Company Secretary is Ms. Tai Ping, Patricia. Her biographical details are set out in the section headed "Directors and Management Profiles" of this annual report. The Company Secretary took no less than 15 hours of relevant professional training during the year ended 31 December 2014 as required by the Listing Rules.

DEED OF NON-COMPETITION

Pursuant to a deed of non-competition dated 26 February 2006 (the "Deed of Non-Competition") executed by Mr. Wang Hung, Roger, GEICO Holdings Limited and Golden Eagle International Retail Group Limited, the controlling shareholders of the Company (collectively referred to as the "Covenantors") in favour of the Company, the Covenantors have given certain undertakings and granted certain rights to the Company (including but not limited to the Shanghai Shopping Option, the Xinbai Shopping Option and the Right of First Refusal) (as defined in the prospectus of the Company dated 8 March 2006) (collectively, the "Undertakings"). Details of the Undertakings are set out in the paragraph headed "Deed of Non-Competition" of the Directors' Report on page 59 of this annual report.

The Covenantors have made an annual declaration confirming that they have fully complied with the Undertakings. The independent non-executive Directors have also reviewed whether the Covenantors have fully complied with the Undertakings and they are satisfied that the Covenantors have been in full compliance of the same.

COMMITMENT TO TRANSPARENCY

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

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

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

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

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

The Company did not amend its Articles of Association during the year ended 31 December 2014.

Corporate Governance Report

SHAREHOLDERS' RIGHTS

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

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

Enquiries to the Board

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

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

Directors' Report

The Directors are pleased to present the 2014 annual report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and its subsidiaries are principally engaged in the development and operation of stylish department store chain in the People's Republic of China (the "PRC"). The principal activities of the subsidiaries and associates of the Company are set out in notes 47 and 24 respectively to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2014 are set out in the consolidated statement of profit or loss on page 63.

The Directors now recommend the payment of a final dividend of RMB0.151 (2013: RMB0.203) per share to the shareholders appeared on the register of members of the Company on Monday, 18 May 2015. The final dividend (if approved) will be paid on or before Friday, 29 May 2015.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years ended 31 December 2014 is set out on page 9.

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

Details of movements in property, plant and equipment, land use rights and investment property of the Group during the year are set out in notes 19, 20 and 21 respectively to the consolidated financial statements.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2014, pursuant to the general mandate given to the Directors of the Company, the Company repurchased an aggregate of 51,677,000 shares of its own ordinary share capital through The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate consideration of approximately HKD497.8 million (equivalent to approximately RMB394.9 million).

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

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

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

Directors' Report

DISTRIBUTABLE RESERVES

As at 31 December 2014, the Company's reserves available for distribution to shareholders amounted to approximately RMB446.9 million (2013: RMB380.2 million).

DIRECTORS

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

Executive Director

Mr. Wang Hung, Roger *(Chairman)*

Non-executive Director

Mr. Han Xiang Li (resigned on 17 March 2014)

Independent non-executive Directors

Mr. Wong Chi Keung
Mr. Wang Yao
Mr. Liu Chi Husan, Jack (retired on 21 May 2014)
Mr. Lay Danny J (elected on 21 May 2014)

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

According to Article 87 of the Articles of Association of the Company, Mr. Wang Hung, Roger and Mr. Wong Yao will retire by rotation.

Mr. Wang Hung, Roger will offer himself for re-election while Mr. Wang Yao will not offer himself for re-election. Resolution will also be proposed to elect Mr. Wang Sung Yun, Eddie as an independent non-executive Director.

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

Directors' Report

DIRECTORS' SERVICE CONTRACTS

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

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

As at 31 December 2014, the interests and short positions of the Directors, the chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange were as follows:

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

Name of Director/Chief Executive	Personal interest	Corporate interests	Total interests	Total interests as percentage of the issued share capital
Mr. Wang Hung, Roger ("Mr. Wang")	4,000,000	1,334,106,000*(Note)*	1,338,106,000	74.92%
Mr. Su Kai	1,165,000	—	1,165,000	0.07%

Note: These 1,334,106,000 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 1,334,106,000 Shares under the SFO.

Save as disclosed above, as at 31 December 2014, none of the Directors, chief executive nor their associates had an interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations required to be disclosed under the SFO or the Model Code.

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

As at 31 December 2014, 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	1,334,106,000	74.70%
Golden Eagle International Retail Group Limited *(Note)*	Beneficial owner	1,334,106,000	74.70%

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

Save as disclosed above, as at 31 December 2014, the Company had not been notified of any other relevant interests or short positions in the issued share capital of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

Pursuant to the Company's share option scheme approved by written resolutions of the sole shareholder of the Company on 26 February 2006 (the "Scheme"), the Company's board of Directors (the "Board") may grant options to any full-time or part-time employees, executives and officers of the Company and any of its subsidiaries (including executive directors, non-executive directors and independent non-executive directors of the Company and any of its subsidiaries) and business consultants, agents and legal and financial advisors of the Company or its subsidiaries which, in the opinion of the Board have contributed to the Group, to subscribe for Shares for a consideration of HKD1.00 for each lot of share options granted for the primary purpose of providing incentives to directors and eligible employees, consultants and advisors. The Scheme will remain effective for a period of ten years commencing from 26 February 2006.

During the year ended 31 December 2014, 158,000 share options were exercised and 3,080,000 share options were forfeited. Details of the Scheme are set out in note 38 to the consolidated financial statements.

As at 31 December 2014, there were a total of 18,859,000 Shares available for issue pursuant to options that were granted under the Scheme, representing approximately 1.1 per cent. of the entire issued share capital of the Company as at the date of this report.

Movements of the Company's share options during the year and outstanding as at 31 December 2014 were as follows:

	Number of share options									
	Outstanding at 1 January 2014	Reclassification	Exercised during the year	Forfeited during the year	Outstanding at 31 December 2014	Date of Grant	Exercise period (Note1)	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	1,124,000	–	(64,000)	(330,000)	730,000	5 December 2008	5 December 2010 to 4 December 2018	4.20	4.19	10.23
	3,900,000	500,000	–	(2,000,000)	2,400,000	20 October 2010	20 October 2011 to 19 October 2020	19.95	20.00	N/A
Other employees	12,823,000	–	(94,000)	–	12,729,000	5 December 2008	5 December 2010 to 4 December 2018	4.20	4.19	10.64
	4,250,000	(500,000)	–	(750,000)	3,000,000	20 October 2010	20 October 2011 to 19 October 2020	19.95	20.00	N/A
	22,097,000	–	(158,000)	(3,080,000)	18,859,000					
Exercisable at 31 December 2014					10,119,000					

Notes:

(1) The vesting period of the share options is from the date of grant until the commencement of the exercise period.

(2) The prices of the Company's shares on the dates immediately before the exercise dates are the weighted average of the closing prices as quoted on the Stock Exchange immediately before the dates on which the share options were exercised.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

Directors' Report

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

ANNUAL REVIEW OF CONTINUING CONNECTED TRANSACTIONS

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

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

Under the Xinjiekou Tenancy Agreement, the rental payable by Golden Eagle (China) shall be RMB3.8 per square meter per day and was arrived at after arm's length negotiations between the parties and with reference to the prevailing market rate. The rental expenses paid by the Group for the year ended 31 December 2014 amounted to approximately RMB7,518,000.

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

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

* *For identification purpose only*

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

The annual consideration for the lease shall be equivalent to 5% of the gross sales proceeds derived from the operations of Nanjing Zhujiang Store less relevant value-added tax, subject to the use of the minimum guaranteed gross sales proceeds of the sub-lessees of the South Additional Units (if any) in the calculation of consideration if the gross sales proceeds derived from the relevant area are lower than the minimum guaranteed gross sales proceeds. The consideration was arrived at after arm's length negotiations between the parties and with reference to the prevailing market rate. The rental expenses paid by the Group under the Amended Zhujiang Tenancy Agreement for the year ended 31 December 2014 amounted to approximately RMB23,379,000.

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

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

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

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

* *For identification purpose only*

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

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

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

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

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

The considerations were arrived at after arm's length negotiations between the parties and with reference to the prevailing market rate. The rental expenses paid by the Group under the Shanghai Tenancy Agreement for the year ended 31 December 2014 amounted to approximately RMB3,316,000, which was also determined in accordance with the second supplemental agreement entered into between Golden Eagle (China) and Shanghai Golden Eagle Tiandi on 18 March 2015 (subject to approval at the extraordinary shareholders'meeting of the Company to be held on 13 May 2015) to adjust the 2014 rental payable to the aggregate of (a) with respect of those concessionaires, 2.5% of the gross sales proceeds derived from the operation of Shanghai Store less the relevant value-added tax; and (b) with respect of sub-letting of units, 50% of the gross sales proceeds derived from sub-letting the units in Shanghai Store (less business tax and other relevant taxes).`

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

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

The annual consideration for the lease of Hanzhong Plaza shall be equivalent to the aggregate of (a) 5% of the annual gross sales proceeds derived from the operations of Hanzhong Plaza less relevant value-added tax for the portion of annual gross sales proceeds not exceeding RMB160,000,000; (b) 4% of the annual gross sales proceeds derived from the operations of Hanzhong Plaza less relevant value-added tax for the portion of annual gross sales proceeds exceeding RMB160,000,000; and (c) 25% of the proceeds derived from sub-letting the units in Hanzhong Plaza less property tax, business tax and other relevant taxes. The minimum guaranteed rental payable under the Hanzhong Plaza Tenancy Agreement was RMB6,100,000 per calendar year. The consideration was arrived at after arm's length negotiations between the parties and with reference to the prevailing market rate.

* *For identification purpose only*

The consideration for the lease of Ancillary Facilities was RMB1,900,000 per calendar year. The consideration was arrived at after arm's length negotiation between the parties and with reference to the prevailing market rate.

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

On 19 December 2013, Nanjing Golden Eagle Retail entered into the second supplemental agreement to the Hanzhong Plaza Tenancy Agreement and the Facilities Leasing Agreement with Golden Eagle International Group, pursuant to which (a) the minimum guaranteed rental for the lease of Hanzhong Plaza and the rental for the lease of the Ancillary Facilities were abolished with effect from 1 January 2013; (b) the annual rental payable by Nanjing Golden Eagle Retail to Golden Eagle International Group for the lease of Hanzhong Plaza would be calculated solely based on the percentage of the annual gross sales proceeds and the proceeds derived from sub-letting of units in the Hanzhong Plaza; and (c) the rental as referred to in paragraph (b) would also be deemed as part of the rental for the lease of the Ancillary Facilities under the Facilities Leasing Agreement. Subject to the aforesaid, all other major terms remain unchanged and in full force and effect. In light of the said second supplemental agreement, the rental expenses paid by the Group under the Hanzhong Plaza Tenancy Agreement for the year ended 31 December 2014 in the sum of approximately RMB11,207,000 included the rental expenses for the lease of the Ancillary Facilities.

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

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

* *For identification purpose only*

Directors' Report

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

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

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

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

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

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

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

The consideration was arrived at after arm's length negotiations and with reference to the prevailing market rate. The rental expenses paid by the Group under the Total Xianlin Tenancy Agreement (as amended and supplemented) for the year ended 31 December 2014 amounted to approximately RMB30,994,000.

* *For identification purpose only*

Directors' Report

Lease of ancillary supporting area for storage of ancillary supporting facilities from Suqian Golden Eagle Properties by Suqian Store

On 20 January 2012, 宿遷金鷹國際購物中心有限公司 (Suqian Golden Eagle International Shopping Plaza Co., Ltd.*, or where the context so requires, the department store operated by such company ("Suqian Store")) entered into a tenancy agreement in respect of the lease of certain area located at basement floor 1 of land lot C of Suqian Golden Eagle Tiandi Project with an aggregate gross floor area of 539 square meters (the "Suqian Tenancy Agreement") with 宿遷金鷹置業有限公司 (Suqian Golden Eagle Properties Co., Ltd.*) ("Suqian Golden Eagle Properties"), a connected person (as defined in the Listing Rules) of the Company as it is a company ultimately and wholly-owned by Mr. Wang, from the date on which vacant possession is delivered to the Group and ending on 31 December 2014.

The purpose of entering into the Suqian Tenancy Agreement is to facilitate the Group to free up more space in the existing Suqian Store such that the Group is able to introduce more varieties of products, which in turn enhance the competitiveness of the Suqian Store.

Under the Suqian Tenancy Agreement, the annual rental is RMB150,000 per year. The annual rental was arrived at after arm's length negotiations between the parties and with reference to the prevailing market rate. No rental expense has been paid by the Group to Suqian Golden Eagle Properties under Suqian Tenancy Agreement for the year ended 31 December 2014.

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

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

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

* *For identification purpose only*

Directors' Report

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

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

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

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

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

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

The consideration was arrived at after arm's length negotiations between the parties and with reference to the prevailing market rate. The rental expenses paid by the Group under the Yancheng Outlet Tenancy Agreement for the year ended 31 December 2014 amounted to approximately RMB3,293,000.

* *For identification purpose only*

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

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

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

(a) with respect to those concessionaries:

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

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

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

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

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

(c) with respect to supermarket operations:

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

(ii) 4% of the gross sale proceeds derived from the operation of supermarket commencing from the date falling the fourth anniversary of the date of commencement of operation.

The consideration was arrived at after arm's length negotiations and with reference to the prevailing market rate. The rental expenses paid by the Group to Golden Eagle International Group under the Xinjiekou Block B Tenancy Agreement for the period from 26 April 2014 to 31 December 2014 amounted to approximately RMB14,461,000.

* *For identification purpose only*

Directors' Report

Property Management Services Agreements

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

- Golden Eagle (China) agreed to engage Nanjing Golden Eagle Properties to provide property management services to Nanjing Xinjiekou Store and those stores under its control, including, as at 31 December 2014, Nantong Store, Yangzhou Store, Xuzhou Store, Xi'an Gaoxin Store, Kunming Store, Huai'an Store, Yancheng Store, Shanghai Store, Yangzhou Jinghua Store, Nanjing Hanzhong Store, Hefei Dadongmen Store, Hefei Baihuajing Store, Anhui Huaibei Store, Hefei Suzhou Road Store, Changzhou Jiahong Store, Suqian Store, Liyang Store, Xuzhou People's Square Store, Kunming Nanya Store, Changzhou Wujin Store, Yancheng Outlet Store, Yancheng Julonghu Store and Nantong Yuanrong Store;

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

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

- Nanjing Xianlin Store agreed to engage Xianlin Golden Eagle Properties to provide property management services to Nanjing Xianlin Store; and

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

The entering into of the aforesaid master property management services agreements enables the Group to focus on the development and operations of department store chain in the PRC. The property management services shall include but not limited to the provision of property (interior) maintenance, cleaning, environmental and greenery services and a fee equivalent to the actual cost incurred plus a mark-up of 10% will be charged. These fees were arrived at after arm's length negotiations between the respective parties and with reference to the prevailing market rate. The aggregate amount of property management services fees paid by the Group under the aforesaid master property management services agreements for the year ended 31 December 2014 amounted to approximately RM70,131,000.

* *For identification purpose only*

Carpark Management Services Agreements

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

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

These fees were arrived at after arm's length negotiations between the respective parties and with reference to the prevailing market rate. The aggregate amount of carpark management services fees paid by the Group under the Carpark Management Services Agreements for the year ended 31 December 2014 amounted to approximately RMB2,160,000.

Project Management Services Agreement

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

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

The aggregate amount of project management service fees paid by the Group under aforesaid Project Management Services Agreement for the year ended 31 December 2014 amounted to approximately RMB20,971,000.

* *For identification purpose only*

Decoration Services Agreement

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

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

The service fees paid by the Group under the Decoration Services Agreement for the year ended 31 December 2014 amounted to approximately RMB259,367,000.

Motor Group Management Agreement

On 3 December 2014, Golden Eagle (China) entered into a management agreement with 南京金鷹國際投資管理有限公司 (Nanjing Golden Eagle International Investment Management Co., Ltd. *) ("Golden Eagle Investment Management"), pursuant to which Golden Eagle (China) is delegated with the tasks of managing the daily operation of 南京金鷹國際汽車銷售服務集團有限公司 (Nanjing Golden Eagle International Motor Sales Services Group Co., Ltd.*) ("Nanjing Golden Eagle Motor") and its remaining subsidiaries after the completion of the transfer of the equity interests in 南京金鷹蘇星汽車銷售服務有限公司 (Nanjing Golden Eagle Suxing Motor Sales Services Co., Ltd.*) ("GE Suxing Motor Sales"), 南京金鷹蘇星機動車檢測有限公司 (Nanjing Golden Eagle Suxing Motor Inspection Co., Ltd.*) ("GE Suxing Motor Inspection") and 南京蘇星汽車銷售服務有限公司 (Nanjing Suxing Motor Sales Services Co., Ltd.*) ("Suxing Motor Sales") as contemplated under the Motor Group Equity Transfer Agreements (as define below) for a term of 3 years commencing from the date of the Motor Group Management Agreement. No service fee has been paid by Golden Eagle Investment Management to Golden Eagle (China) under the Motor Group Management Agreement for the year ended 31 December 2014.

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

* *For identification purpose only*

Views of the auditors and independent non-executive Directors

The auditors of the Company have provided a letter to the Board pursuant to Rule 14A.56 of the Listing Rules confirming that, for the year ended 31 December 2014, the continuing connected transactions (i) have received the approval of the Board; (ii) have been entered into in accordance with the terms of the agreements governing the transactions; and (iii) have not exceeded the cap disclosed in the relevant announcements made by the Company.

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

The related party transactions with fellow subsidiaries of the Group as disclosed in note 46 to the consolidated financial statements constituted continuing connected transactions of the Group. Those transactions have complied with the requirements for connected transactions under Chapter 14A of the Listing Rules.

The related party transactions regarding the purchase of merchandise from the associates of the Group as disclosed in note 46 to the consolidated financial statements do not constitute continuing connected transaction of the Group.

CONNECTED TRANSACTIONS

COMPLETED CONNECTED TRANSACTIONS

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

Aquarium Equity Transfer Agreement

On 2 December 2014, Golden Star Hong Kong Development Limited ("Golden Star"), being a connected person (as defined in the Listing Rules) of the Company as it is a company ultimately and wholly-owned by Mr. Wang, and the Group entered into an equity transfer agreement (the "Aquarium Equity Transfer Agreement"), pursuant to which Golden Star has agreed to sell, and the Group has agreed to acquire, 100% equity interests in Golden Ning (HK) Limited ("Golden Ning") and its shareholder's loans at an aggregate consideration of RMB20 million. Golden Ning and its subsidiaries are principally engaged in the business of aquarium development and operation in the PRC.

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

Details of the transaction have been disclosed in the Company's announcement dated 2 December 2014.

* *For identification purpose only*

Directors' Report

STATUS OF CONNECTED TRANSACTIONS PENDING COMPLETION

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

Xinjiekou Block B Framework Agreement

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

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

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

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

* *For identification purpose only*

Kunshan Framework Agreement

On 28 March 2011, the Group entered into a cooperation framework agreement with 昆山金鷹置業有限公司 (Kunshan Golden Eagle Properties Co., Ltd.*) ("Kunshan Golden Eagle Properties"), being a connected person (as defined in the Listing Rules) of the Company as it is a company ultimately and wholly-owned by Mr. Wang, for the acquisition of a property which is situated at Kunshan City, Jiangsu Province. Completion of the acquisition is expected to take place in 2015.

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

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

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

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

* *For identification purpose only*

Motor Group Equity Transfer Agreement

On 3 December 2014, Nanjing Golden Eagle Motor and the Group entered into agreements (the "Motor Group Equity Transfer Agreements"), pursuant to which Nanjing Golden Eagle Motor has agreed to sell, and the Group has agreed to acquire, 100% equity interests in GE Suxing Motor Sales, GE Suxing Motor Inspection and Suxing Motor Sales at an aggregate consideration of RMB25 million. Up to the date of this report, the transaction has not been completed and no consideration has been paid as the Motor Group Equity Transfer Agreements are still subject to the approval of the independent shareholders of the Company at the extraordinary general meeting of the Company to be held on 13 May 2015.

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

Details of the transaction have been disclosed in the Company's announcement dated 3 December 2014.

DISCLOSURE UNDER RULES 13.18 AND 13.21 OF THE LISTING RULES

On 18 April 2012, the Group entered into a dual-currency three-year syndicated loan facility agreement in the principal amounts of up to USD259.5 million and HKD665.0 million (in aggregate equivalent to approximately RMB2,172.9 million) with a group of financial institutions which will be due for full repayment on 17 April 2015 (the "Syndicated Loan Facility Agreement"). Another syndicated loan facility agreement will be entered into by the Group to re-finance the existing term loan facility.

Pursuant to the terms of the Syndicated Loan Facility Agreement, it will constitute, among others, an event of default if at any time when the entire or part of the Syndicated Loan Facility remains outstanding, Mr. Wang ceases to (i) hold directly or indirectly not less than 51% of the beneficial interest in the Company; (ii) be the single largest shareholder of the Company; (iii) be the Chairman and executive Director of the Company; or (iv) maintain the management control of the Company or have the right to determine the composition of majority of the Board. Upon occurrence of an event of default, all outstanding loans together with accrued interest and any other amounts accrued under the Syndicated Loan Facility Agreement may become immediately due and payable. The facility was fully utilised and remained outstanding as at 31 December 2014.

Directors' Report

DEED OF NON-COMPETITION

In July 2011, it was resolved in the general meeting of the Company that it would not exercise its right of first refusal to acquire the approximately 17% of the entire issued share capital of 南京新街口百貨商店股份有限公司 (Nanjing Xinjiekou Department Store Co., Ltd.*) ("Xinbai Shopping"), details of which are set out in the announcement of the Company dated 6 June 2011 and the circular of the Company dated 11 July 2011. Save for the aforesaid, the independent non-executive Directors believe that the exercise or non-exercise of each of the Shanghai Shopping Option, the Xinbai Shopping Option and the Right of First Refusal (all as defined in the prospectus of the Company dated 8 March 2006 (the "Prospectus")) is yet to conclude, on the basis that:

(a) Mr. Wang and the companies controlled by him will not dispose all or part of the equity interest in Shanghai Shopping and Xinbai Shopping to third parties;

(b) the Group entered into the Shanghai Tenancy Agreement with Shanghai Golden Eagle Tiandi for the lease of the Shanghai Properties for a term of 20 years commencing from 28 May 2009. Details of the Shanghai Tenancy Agreement are disclosed under the sub-section headed "Lease of property for department store operation from Shanghai Golden Eagle Tiandi by Shanghai Store" in the section headed "Annual Review of Continuing Connected Transactions" of this report; and

(c) the reason for not including Xinbai Shopping as part of the Group as disclosed in the Prospectus has not been changed, and the Directors are of the view that exercising the option for Xinbai Shopping is not in the interest of the Group as a whole.

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

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

EMOLUMENT POLICY

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

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

Directors' Report

MAJOR CUSTOMERS AND SUPPLIERS

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

MANAGEMENT CONTRACTS

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

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on the information publicly available to the Company, there was sufficient public float as required by the Listing Rules throughout the year ended 31 December 2014.

PRE-EMPTIVE RIGHTS

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

AUDITORS

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

On behalf of the Board

Wang Hung, Roger
Chairman

23 March 2015

Independent Auditor's Report

Deloitte.
德勤

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

We have audited the consolidated financial statements of Golden Eagle Retail Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 63 to 170, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

Independent Auditor's Report

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

23 March 2015

Consolidated Statement of Profit or Loss

For the year ended 31 December 2014

	NOTES	2014 RMB'000	2013 RMB'000 (Restated)
Revenue	8	**3,625,011**	3,659,561
Other operating income	10	**284,581**	232,972
Changes in inventories of merchandise		**(1,044,597)**	(1,016,814)
Employee benefits expense		**(431,228)**	(375,655)
Depreciation and amortisation of property, plant and equipment and investment property		**(234,537)**	(194,464)
Release of prepaid lease payments on land use rights		**(19,974)**	(19,974)
Rental expenses		**(184,912)**	(170,231)
Other operating expenses		**(671,679)**	(600,243)
Profit from operations		**1,322,665**	1,515,152
Finance income	11	**260,041**	242,593
Finance costs	12	**(159,974)**	(163,018)
Other gains and losses	13	**112,360**	99,851
Share of profit of associates		**2,754**	13,150
Profit before tax		**1,537,846**	1,707,728
Income tax expense	14	**(457,550)**	(473,241)
Profit for the year	15	**1,080,296**	1,234,487
Profit (loss) attributable to:			
Owners of the Company		**1,082,470**	1,234,968
Non-controlling interests		**(2,174)**	(481)
		1,080,296	1,234,487
Earnings per share			
– Basic (RMB per share)	18	**0.599**	0.656
– Diluted (RMB per share)	18	**0.597**	0.653

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014

	2014 RMB'000	2013 RMB'000 (Restated)
Profit for the year	**1,080,296**	1,234,487
Other comprehensive (expense) income		
Items that may be reclassified subsequently to profit or loss:		
Net gain on fair value changes of available-for-sale investments	**73,765**	9,334
Reclassified to profit or loss on impairment of available-for-sale investments	**—**	3,000
Reclassified to profit or loss on disposal of available-for-sale investments	**(78,157)**	2,268
Share of exchange difference of an associate	**(8,133)**	(8,875)
Income tax relating to items that may be reclassified subsequently	**(619)**	(5,850)
Other comprehensive (expense) income for the year, net of income tax	**(13,144)**	(123)
Total comprehensive income for the year	**1,067,152**	1,234,364
Total comprehensive income (expense) attributable to:		
Owners of the Company	**1,069,326**	1,234,845
Non-controlling interests	**(2,174)**	(481)
	1,067,152	1,234,364

Consolidated Statement of Financial Position

At 31 December 2014

	NOTES	31.12.2014 RMB'000	31.12.2013 RMB'000 (Restated)
Non-current assets			
Property, plant and equipment	19	**5,933,205**	4,046,816
Land use rights – non-current portion	20	**2,203,030**	1,909,689
Investment property	21	**86,477**	88,564
Deposits and prepayments	22	**848,363**	1,254,389
Goodwill	23	**263,179**	256,908
Interests in associates	24	**308,284**	255,255
Available-for-sale investments	25	**342,554**	356,575
Investment in convertible bonds	26	**—**	56,049
Deferred tax assets	27	**127,844**	100,390
		10,112,936	8,324,635
Current assets			
Inventories		**439,394**	354,530
Trade and other receivables	28	**483,508**	407,569
Land use rights – current portion	20	**37,673**	36,535
Amounts due from fellow subsidiaries	29	**15,354**	15,740
Tax asset		**20,319**	23,298
Investments in interest bearing instruments	30	**2,303,438**	3,005,573
Structured bank deposits	30	**1,256,957**	1,244,221
Restricted cash	30	**28,458**	25,908
Bank balances and cash	30	**1,819,722**	1,666,004
		6,404,823	6,779,378
Current liabilities			
Trade and other payables	31	**2,249,373**	2,054,716
Amounts due to related companies	32	**422,555**	99,500
Bank loans	33	**3,116,443**	—
Tax liabilities		**217,186**	157,967
Deferred revenue	34	**2,519,667**	2,920,839
		8,525,224	5,233,022
Net current (liabilities) assets		**(2,120,401)**	1,546,356
Total assets less current liabilities		**7,992,535**	9,870,991

Consolidated Statement of Financial Position

At 31 December 2014

	NOTES	31.12.2014 RMB'000	31.12.2013 RMB'000 (Restated)
Non-current liabilities			
Bank loans	33	—	2,086,638
Senior notes	35	2,419,569	2,407,642
Deferred tax liabilities	27	157,441	130,265
		2,577,010	4,624,545
Net assets		5,415,525	5,246,446
Capital and reserves			
Share capital	36	185,282	189,294
Reserves		5,225,466	5,054,963
Equity attributable to owners of the Company		5,410,748	5,244,257
Non-controlling interests		4,777	2,189
Total equity		5,415,525	5,246,446

The consolidated financial statements on pages 63 to 170 were approved and authorised for issue by the board of directors on 23 March 2015 and are signed on its behalf by:

WANG HUNG, ROGER
DIRECTOR

WONG CHI KEUNG
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Attributable to owners of the Company												
	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Special reserve RMB'000 (note 37)	Investment revaluation reserve RMB'000 (note 37)	Exchange reserve RMB'000 (note 37)	Share option reserve RMB'000	Statutory surplus reserve RMB'000 (note 37)	Retained profits RMB'000	Total RMB'000	Attributable to non-controlling interests RMB'000	Total RMB'000
At 1 January 2013	196,822	–	1,472,958	6,544	217,228	12,316	(5,862)	49,220	773,616	2,572,127	5,294,969	2,670	5,297,639
Profit (loss) for the year (restated)	–	–	–	–	–	–	–	–	–	1,234,968	1,234,968	(481)	1,234,487
Other comprehensive income (expense) for the year	–	–	–	–	–	8,752	(8,875)	–	–	–	(123)	–	(123)
Total comprehensive income (expense) for the year (restated)	–	–	–	–	–	8,752	(8,875)	–	–	1,234,968	1,234,845	(481)	1,234,364
Shares repurchased and cancelled	(7,568)	–	(914,976)	7,568	–	–	–	–	–	(7,568)	(922,544)	–	(922,544)
Shares repurchased but not cancelled	–	(210)	(20,911)	–	–	–	–	–	–	–	(21,121)	–	(21,121)
Exercise of share options	40	–	2,436	–	–	–	–	(810)	–	–	1,666	–	1,666
Transfer of share option reserve upon forfeiture or expiry of share options	–	–	–	–	–	–	–	(13,953)	–	13,953	–	–	–
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	9,200	–	–	9,200	–	9,200
Appropriation	–	–	–	–	–	–	–	–	135,871	(135,871)	–	–	–
Dividends recognised as distribution (note 17)	–	–	–	–	–	–	–	–	–	(352,758)	(352,758)	–	(352,758)
At 31 December 2013 (restated)	189,294	(210)	539,507	14,112	217,228	21,068	(14,737)	43,657	909,487	3,324,851	5,244,257	2,189	5,246,446

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Attributable to owners of the Company												
	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Special reserve RMB'000 (note 37)	Investment revaluation reserve RMB'000 (note 37)	Exchange reserve RMB'000 (note 37)	Share option reserve RMB'000	Statutory surplus reserve RMB'000 (note 37)	Retained profits RMB'000	Total RMB'000	Attributable to non-controlling interests RMB'000	Total RMB'000
Profit (loss) for the year	–	–	–	–	–	–	–	–	–	1,082,470	1,082,470	(2,174)	1,080,296
Other comprehensive expense for the year	–	–	–	–	–	(5,011)	(8,133)	–	–	–	(13,144)	–	(13,144)
Total comprehensive income (expense) for the year	–	–	–	–	–	(5,011)	(8,133)	–	–	1,082,470	1,069,326	(2,174)	1,067,152
Shares repurchased and cancelled	(4,025)	–	(391,070)	4,025	–	–	–	–	–	(4,025)	(395,095)	–	(395,095)
Cancellation of treasury shares	–	210	–	–	–	–	–	–	–	–	210	–	210
Exercise of share options	13	–	729	–	–	–	–	(264)	–	–	478	–	478
Arising from acquisition under common control (note 2)	–	–	7,859	–	–	–	–	–	–	–	7,859	–	7,859
Transfer of share option reserve upon forfeiture or expiry of share options	–	–	–	–	–	–	–	(2,135)	–	2,135	–	–	–
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	5,750	–	–	5,750	–	5,750
Appropriation	–	–	–	–	–	–	–	–	34,461	(34,461)	–	–	–
Dividends recognised as distribution (note 17)	–	–	–	–	–	–	–	–	–	(522,037)	(522,037)	–	(522,037)
Acquisition of subsidiaries (note 39)	–	–	–	–	–	–	–	–	–	–	–	2,772	2,772
Capital contribution from non-controlling interest	–	–	–	–	–	–	–	–	–	–	–	1,990	1,990
At 31 December 2014	185,282	–	157,025	18,137	217,228	16,057	(22,870)	47,008	943,948	3,848,933	5,410,748	4,777	5,415,525

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	2014 RMB'000	2013 RMB'000 (Restated)
Operating activities		
Profit before tax	**1,537,846**	1,707,728
Adjustments for:		
Depreciation and amortisation of property, plant and equipment and investment property	**234,537**	194,464
Interest expenses	**159,974**	163,018
Release of prepared lease payments on land use rights	**19,974**	19,974
Net foreign exchange losses (gains)	**13,371**	(103,150)
Equity-settled share-based payments	**5,750**	9,200
Changes in fair value of derivative financial instruments	**3,783**	10,609
Loss on disposal of property, plant and equipment	**1,187**	277
Income from investments in interest bearing instruments	**(176,460)**	(130,657)
Investment revaluation reserve reclassified to profit or loss on disposal of available-for-sale investments	**(78,157)**	2,268
Income from structured bank deposits	**(68,179)**	(87,828)
Interest income	**(10,879)**	(17,662)
Dividend from equity investments	**(9,047)**	—
Effective interest income on investment in convertible bonds	**(4,523)**	(5,800)
Share of profit of associates	**(2,754)**	(13,150)
Gain on deemed disposal of an associate, net of release of exchange reserve	**(1,429)**	—
Investment revaluation reserve reclassified to profit or loss on impairment of available-for-sale investments	**—**	3,000
Effective interest income on amount due from a former shareholder of a subsidiary	**—**	(646)
Operating cash flows before movements in working capital	**1,624,994**	1,751,645
(Increase) decrease in inventories	**(34,814)**	44,006
Increase in trade and other receivables	**(67,930)**	(41,012)
Increase in amounts due from fellow subsidiaries	**(2,037)**	(4,725)
Increase (decrease) in trade and other payables	**17,315**	(45,559)
(Decrease) increase in amounts due to related companies	**(11,312)**	26,525
(Decrease) increase in deferred revenue	**(401,172)**	13,903
Net cash generated from operations	**1,125,044**	1,744,783
PRC income tax paid	**(402,687)**	(469,665)
Net cash generated from operating activities	**722,357**	1,275,118

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	NOTES	2014 RMB'000	2013 RMB'000 (Restated)
Investing activities			
Investments in interest bearing instruments		**(29,122,807)**	(12,651,522)
Investments in structured bank deposits		**(15,948,720)**	(2,845,000)
Purchase of available-for-sale investments		**(1,295,896)**	(216,451)
Additions to property, plant and equipment		**(738,571)**	(197,331)
Payment on lease payment of land use right		**(323,157)**	(13,260)
Deposits paid for acquisition of a joint venture or an associate		**(300,000)**	(2,500)
Purchase of assets in a subsidiary	40	**(80,000)**	(239,562)
Investments in associates		**(51,329)**	(21,000)
Placement of restricted cash		**(37,050)**	(266,225)
Purchase of subsidiaries (net of cash and cash equivalent acquired)	39	**(53)**	—
Redemption of investments in interest bearing instruments		**29,818,807**	10,255,522
Redemption of structured bank deposits		**15,927,470**	3,067,104
Proceeds from disposal of available-for-sale investments		**1,383,682**	323,833
Income received from investments in interest bearing instruments		**182,595**	128,224
Income received from structured bank deposits		**76,692**	111,422
Withdrawal of restricted cash		**34,500**	267,435
Interest received from bank deposits		**10,879**	17,662
Dividend received from equity investment		**9,047**	—
Proceeds from disposal of property, plant and equipment		**175**	819
Prepayments for acquisition of property, plant and equipment and land use rights		**—**	(131,626)
Repayment from a former shareholder of a subsidiary		**—**	21,453
Net cash used in investing activities		**(453,736)**	(2,391,003)

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	2014 RMB'000	2013 RMB'000 (Restated)
Financing activities		
Dividends paid to owners of the Company	**(522,037)**	(352,758)
Repurchase of own shares	**(416,054)**	(943,665)
Repayment of bank loans	**(308,237)**	(1,056,345)
Interest paid	**(181,674)**	(150,384)
New bank loans raised	**1,310,631**	—
Capital contribution from non-controlling interests	**1,990**	—
Proceeds on exercise of share options	**478**	1,666
Expenses on issuance of senior notes	**—**	(23,010)
Issuance of senior notes	**—**	2,466,064
Net cash used in financing activities	**(114,903)**	(58,432)
Net increase (decrease) in cash and cash equivalents	**153,718**	(1,174,317)
Cash and cash equivalents at beginning of the year	**1,666,004**	2,840,321
Cash and cash equivalents at end of the year	**1,819,722**	1,666,004

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

1. GENERAL

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

The Company is an investment holding company and its subsidiaries are principally engaged in the development and operation of stylish department store chain in The People's Republic of China (the "PRC"). The principal activities of the subsidiaries and associates of the Company are set out in notes 47 and 24 respectively.

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

2. PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Business combinations under common control:

On 2 December 2014, the Group acquired 100% interests in Golden Ning (HK) Limited ("Golden Ning") and its subsidiaries (Golden Ning together with its subsidiaries are collectively referred to as the "Golden Ning Group") from Golden Star Hong Kong Development Limited ("Golden Star") , which is an indirect wholly-owned subsidiary of GEICO, at a cash consideration of RMB20,000,000. Golden Ning is an investment holding company and the Golden Ning Group is principally engaged in aquarium development and operation in the PRC.

Since GEICO is the ultimate holding company of both the Company and the Golden Ning Group (prior to its acquisition), the acquisition involves business combinations under common control and has been accounted for using the principles of merger accounting, based on the guidance set out in Accounting Guideline 5 Merger Accounting for Common Control Combinations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). As a result, the comparative consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cashflows for the year ended 31 December 2013 and the consolidated statement of financial position as at 31 December 2013 have therefore been restated, in order to include the results of the combining entities since the date of which first come under common control.

2. PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Business combinations under common control: (Continued)

The consideration payable for the acquisition of Golden Ning Group is accounted for as deemed distribution to GEICO and is recorded as amount due to a related company under current liabilities as at 31 December 2014.

There is no effect on adopting merger accounting to account for the acquisition of Golden Ning Group on the Group's profit or loss during the year ended 31 December 2012 and the Group's financial position at 31 December 2012, as Golden Ning is incorporated on 5 July 2013. The effects of adopting merger accounting to account for the acquisition of Golden Ning Group for the current and prior years on the consolidated statement of profit or loss and other comprehensive income of the Group, are as follows:

	2014 **RMB'000**	2013 RMB'000
Increase in revenue	**8,946**	—
Increase in other operating income	**319**	—
Changes in inventories of merchandise	**(1,200)**	—
Increase in employee benefits expense	**(3,682)**	—
Increase in depreciation and amortisation of property, plant and equipment	**(6,083)**	—
Increase in rental expenses	**(726)**	—
Increase in other operating expenses	**(4,534)**	(64)
Decrease in other gains and losses	**(80)**	—
Decrease in income tax expense	**1,702**	—
Net decrease in profit and total comprehensive income for the year	**(5,338)**	(64)
Net decrease in profit and total comprehensive income for the year attributable to:		
Owners of the Company	**(5,338)**	(64)

2. PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Business combinations under common control: (Continued)

The effect of the acquisition of Golden Ning Group on the consolidated financial position of the Group as at 31 December 2013 is as follows:

	31.12.2013 (Originally stated) RMB'000	Adjustments RMB'000	31.12.2013 (Restated) RMB'000
Non-current assets			
Property, plant and equipment	4,033,910	12,906	4,046,816
Land use rights – non-current portion	1,909,689	—	1,909,689
Investment property	88,564	—	88,564
Deposits and prepayments	1,254,389	—	1,254,389
Goodwill	256,908	—	256,908
Interests in associates	255,255	—	255,255
Available-for-sale investments	356,575	—	356,575
Investment in convertible bonds	56,049	—	56,049
Deferred tax assets	100,390	—	100,390
	8,311,729	12,906	8,324,635
Current assets			
Inventories	354,404	126	354,530
Trade and other receivables	403,054	4,515	407,569
Land use rights – current portion	36,535	—	36,535
Amounts due from fellow subsidiaries	15,740	—	15,740
Tax asset	23,298	—	23,298
Investments in interest bearing instruments	3,005,573	—	3,005,573
Structured bank deposits	1,244,221	—	1,244,221
Restricted cash	25,908	—	25,908
Bank balances and cash	1,654,059	11,945	1,666,004
	6,762,792	16,586	6,779,378

2. PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Business combinations under common control: (Continued)

	31.12.2013 (Originally stated) RMB'000	Adjustments RMB'000	31.12.2013 (Restated) RMB'000
Current liabilities			
Trade and other payables	2,054,688	28	2,054,716
Amounts due to related companies	69,972	29,528	99,500
Tax liabilities	157,967	—	157,967
Deferred revenue	2,920,839	—	2,920,839
	5,203,466	29,556	5,233,022
Net current assets	1,559,326	(12,970)	1,546,356
Total assets less current liabilities	9,871,055	(64)	9,870,991
Non-current liabilities			
Bank loans	2,086,638	—	2,086,638
Senior Notes	2,407,642	—	2,407,642
Deferred tax liabilities	130,265	—	130,265
	4,624,545	—	4,624,545
Net assets	5,246,510	(64)	5,246,446
Capital and reserves			
Share capital	189,294	—	189,294
Reserves	5,055,027	(64)	5,054,963
Equity attributable to owners of the Company	5,244,321	(64)	5,244,257
Non-controlling interest	2,189	—	2,189
Total equity	5,246,510	(64)	5,246,446

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

New and revised HKFRSs adopted during the year

The Group has applied for the first time in the current year the following amendments to HKFRSs, and a new Interpretation:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

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

New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	*Financial Instruments*[1]
HKFRS 14	*Regulatory Deferral Accounts*[2]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[5]
Amendments to HKAS 1	*Disclosure Initiative*[5]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[5]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[5]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[4]
Amendments to HKAS 27	*Equity Method in Separate Financial Statements*[5]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[5]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2010-2012 Cycle*[6]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2011-2013 Cycle*[4]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2012-2014 Cycle*[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	*Investment Entities: Applying the Consolidation Exception*[5]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.
3 Effective for annual periods beginning on or after 1 January 2017.
4 Effective for annual periods beginning on or after 1 July 2014.
5 Effective for annual periods beginning on or after 1 January 2016.
6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

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

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

HKFRS 9 Financial Instruments

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

With regards to financial assets, HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments:* Recognition and Measurement be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordiance, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32) in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap.622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance.

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

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

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

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

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

The principal accounting policies are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

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

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

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

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations

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

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Merger accounting for business combination involving entities under common control

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

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

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

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

Goodwill

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

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

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

Buildings under development for future owner-occupied purpose

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment properties

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

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

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

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

Financial assets

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

Effective interest method

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL

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

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

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

AFS financial assets

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Loans and receivables

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

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

Impairment of financial assets

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

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

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

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

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

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

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

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

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

Investment in convertible bonds

The Group's investment in convertible bonds that contain both a debt receivable component and derivative component are classified separately into the respective items on initial recognition and initially recognised at their fair values. In subsequent periods, the debt receivable component of the convertible bonds is carried at amortised cost using the effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity instruments

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

Equity instruments

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

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

Financial liabilities

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

Effective interest method

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

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Derecognition

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

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

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

Inventories

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

Revenue recognition

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

Revenue from sale of goods is recognised when the goods are delivered and title has passed.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

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

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

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

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

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

Leasing

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

The Group as lessor

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing (Continued)

The Group as lessee

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

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

Leasehold land and building

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

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

Government grants

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

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

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

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

For partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Retirement benefit costs

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation

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

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity-settled share-based payment transactions

Share options granted to employees

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

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

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Impairment loss of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2014, the carrying amount of the Group's goodwill was RMB263,179,000 (2013: RMB256,908,000), and no impairment loss was recognised during both years. Details of the recoverable amount calculation are disclosed in note 23.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Income taxes

As at 31 December 2014, a deferred tax asset of RMB110,409,000 (2013: RMB82,626,000) in relation to unused tax losses has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of RMB144,519,000 (2013: RMB61,233,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

Fair value measurements and valuation processes

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

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

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

6. CAPITAL RISK MANAGEMENT

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

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

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

7. FINANCIAL INSTRUMENTS

7A. Categories of financial instruments

	31.12.2014 RMB'000	31.12.2013 RMB'000 (Restated)
Financial assets		
Available-for-sale investments	**342,554**	356,575
Derivative component in investment in convertible bonds	**—**	15,506
Loans and receivables	**5,646,456**	6,139,628
Financial liabilities		
Amortised cost	**7,992,553**	6,464,258

7B. Financial risk management objectives and polices

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

7. FINANCIAL INSTRUMENTS (CONTINUED)

7B. Financial risk management objectives and polices (Continued)

7B.1. Market risk

Foreign currency risk

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

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

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

	Liabilities		Assets	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
		(Restated)		(Restated)
USD	**4,511,673**	3,989,323	**15,977**	23,174
HKD	**1,037,210**	517,781	**85,779**	94,509

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

7. FINANCIAL INSTRUMENTS (CONTINUED)

7B. Financial risk management objectives and polices (Continued)

7B.1. Market risk (Continued)

Foreign currency risk – Sensitivity analysis

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

The following table details the Group's sensitivity to a 5% (2013: 5%) increase and decrease in RMB against the relevant foreign currencies 5% (2013: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2013: 5%) change in foreign currency rates.

	USD Impact		HKD Impact	
	2014 RMB'000	2013 RMB'000 (Restated)	**2014 RMB'000**	2013 RMB'000 (Restated)
Increase (decrease) in post-tax profit for the year:				
if RMB weakens against foreign currency	**(224,785)**	(198,308)	**(50,991)**	(24,942)
if RMB strengthens against foreign currency	**224,785**	198,308	**50,991**	24,942
Increase (decrease) in investment revaluation reserve for the year:				
if RMB weakens against foreign currency	**—**	—	**3,420**	3,763
if RMB strengthens against foreign currency	**—**	—	**(3,420)**	(3,763)

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

7. FINANCIAL INSTRUMENTS (CONTINUED)

7B. Financial risk management objectives and polices (Continued)

7B.1. Market risk (Continued)

Interest rate risk

(i) Cash flow interest rate risk

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

No interest rate swap arrangement has been entered into by the Group during the year ended 31 December 2014 and 31 December 2013.

(ii) Fair value interest rate risk

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

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

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

7. FINANCIAL INSTRUMENTS (CONTINUED)

7B. Financial risk management objectives and polices (Continued)

7B.1. Market risk (Continued)

Interest rate risk — Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to variable-rate bank loans outstanding at the end of the reporting period. Structured bank deposits and investments in interest bearing instruments are not included as the impact is insignificant at the end of the reporting period. The analysis is prepared assuming the variable-rate bank loans outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2013: 50 basis points) increase or decrease is the sensitivity rate used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2013: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2014 would decrease/increase by RMB15,582,000 (2013: decrease/increase by RMB10,433,000).

Other price risks

(i) Equity price risk

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

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. For sensitivity analyses purposes, the sensitivity rates are 15% and 30% (2013: 15% and 30%) respectively in the current year as a result of the volatile financial market.

- If equity prices had been 15% (2013: 15%) higher/lower, investment revaluation reserve would increase/decrease by RMB41,102,000 (2013: RMB42,937,000), as a result of changes in fair value of available-for-sale investments.

- If equity prices had been 30% (2013: 30%) higher/lower, investment revaluation reserve would increase/decrease by RMB82,205,000 (2013: RMB85,874,000), as a result of changes in fair value of available-for-sale investments.

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

7. FINANCIAL INSTRUMENTS (CONTINUED)

7B. Financial risk management objectives and polices (Continued)

7B.1. Market risk (Continued)

Other price risks (Continued)

(ii) Fair value risk on derivatives

The derivative component of the Group's investment in convertible bonds is required to be measured at fair value with changes in fair value recognised in the consolidated statement of profit or loss. The Group's exposure to fair value risk on derivatives is detailed in note 7C(i).

7B.2. Credit risk

As at 31 December 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties in relation to each class of recognised financial assets is the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

7. FINANCIAL INSTRUMENTS (CONTINUED)

7B. Financial risk management objectives and polices (Continued)

7B.3. Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensure compliance with loan covenants, if any. The Group relies principally on cash flows generated from its operating activities as a primary source of liquidity, and bank borrowings and senior notes as additional sources of liquidity. As at 31 December 2014, the Group has available unutilised banking facilities of RMB19,000 million (2013: RMB12,000 million).

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

7. FINANCIAL INSTRUMENTS (CONTINUED)

7B. Financial risk management objectives and polices (Continued)

7B.3. Liquidity risk (Continued)

Liquidity and interest risk table

	Weighted average effective interest rate	Within 1 year	1-5 year	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2014					
Investments in interest bearing instruments	5.94	2,349,479	–	2,349,479	2,303,438
Structured bank deposits	3.88	1,260,042	–	1,260,042	1,256,957
Restricted cash	0.14	28,498	–	28,498	28,458
Cash and cash equivalents	0.96	1,837,191	–	1,837,191	1,819,722
		5,475,210	–	5,475,210	5,408,575
Non-derivative financial liabilities:					
Trade and other payables	–	2,033,986	–	2,033,986	2,033,986
Amounts due to related companies	–	422,555	–	422,555	422,555
Bank loans	3.76	3,144,523	–	3,144,523	3,116,443
Senior notes	4.63	112,793	3,284,705	3,397,498	2,419,569
		5,713,857	3,284,705	8,998,562	7,992,553
Net		(238,647)	(3,284,705)	(3,523,352)	(2,583,978)

7. FINANCIAL INSTRUMENTS (CONTINUED)

7B. Financial risk management objectives and polices (Continued)

7B.3. Liquidity risk (Continued)

Liquidity and interest risk table (Continued)

	Weighted average effective interest rate %	Within 1 year RMB'000	1-5 year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2013 (restated)					
Investments in interest bearing instruments	6.24	3,048,412	—	3,048,412	3,005,573
Structured bank deposits	5.03	1,293,691	—	1,293,691	1,244,221
Restricted cash	0.14	25,944	—	25,944	25,908
Cash and cash equivalents	0.83	1,679,832	—	1,679,832	1,666,004
		6,047,879	—	6,047,879	5,941,706
Non-derivative financial liabilities:					
Trade and other payables	—	1,870,478	—	1,870,478	1,870,478
Amounts due to related companies	—	99,500	—	99,500	99,500
Bank loans	3.76	55,342	2,126,633	2,181,975	2,086,638
Senior notes	4.63	112,793	3,397,498	3,510,291	2,407,642
		2,138,113	5,524,131	7,662,244	6,464,258
Net		3,909,766	(5,524,131)	(1,614,365)	(522,552)

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

7. FINANCIAL INSTRUMENTS (CONTINUED)

7C. Fair value measurement of financial instruments

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

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

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

	Financial assets	Fair value as at		Fair value hierarchy	Basis of fair value measurement valuation techniques and key inputs	Significant unobservable inputs
		31.12.2014 RMB'000	31.12.2013 RMB'000			
1)	available-for-sale listed equity securities	**342,554**	356,575	Level 1	Quoted prices in active markets	N/A
2)	Derivative component of the convertible bonds	**–**	15,506	Level 3	Binomial model. The key inputs are: expected volatility and the market value of the issuer, which is determined using discounted cash flow model. The key inputs of discounted cash flow model are: weighted average cost of capital, long-term revenue growth rate and a discount for lack of marketability.	Expected volatility: 2014.12.31: nil 2013.12.31: 47.1%, determined by reference to the average of the historical weekly share price volatility of comparable companies. Weighted average cost of capital ("WACC"): 2014.12.31: nil 2013.12.31: 22.3%, determined using a Capital Asset Pricing Model. Long-term revenue growth rate: 2014.12.31: nil 2013.12.31: 3.0%, taking into account management's experience and knowledge of market conditions of the specific industry. Discount for lack of marketability: 2014.12.31: nil 2013.12.31: 25%, by reference to the share price of listed entities in similar industry.

There were no transfers between Level 1 and 2 in the period.

7. FINANCIAL INSTRUMENTS (CONTINUED)

7C. Fair value measurement of financial instruments (Continued)

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

At 31 December 2014, the Directors of the Company consider that the carrying amounts of financial assets and financial liabilities which are carried at amortised cost in the consolidated financial statements approximate their fair values.

(iii) Reconciliation of Level 3 fair value measurements

	Derivative component of the convertible bonds
	RMB'000
1 January 2013	26,115
Loss included in other gains and losses (note 13)	(10,609)
31 December 2013	15,506
Loss included in other gains and losses (note 13)	(3,783)
Transferred as consideration of acquisition	(11,723)
31 December 2014	—

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

8. REVENUE

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

	2014	2013
	RMB'000	RMB'000
Revenue from department store operations		
– direct sales	**1,270,610**	1,244,904
– income from concessionaire sales	**2,212,868**	2,319,810
– rental income	**141,533**	80,119
– management service fees	**—**	14,728
	3,625,011	3,659,561

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

Gross sales proceeds	**2014**	2013
	RMB'000	RMB'000
From department store operations		
– direct sales	**1,485,797**	1,456,540
– concessionaire sales	**14,205,164**	15,276,000
– rental income	**149,929**	84,872
– management service fees	**—**	15,641
	15,840,890	16,833,053

9. SEGMENT INFORMATION

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

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

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

9. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

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

	Southern Jiangsu Province RMB'000	Northern Jiangsu Province RMB'000	Western region of PRC RMB'000	Total reportable segments RMB'000	Others RMB'000	Total RMB'000
For the year ended 31 December 2014						
Gross sales proceeds	5,059,389	7,648,426	1,936,967	14,644,782	1,196,108	15,840,890
Segment revenue	1,256,976	1,617,579	371,676	3,246,231	378,780	3,625,011
Segment results	543,687	797,510	134,131	1,475,328	(67,081)	1,408,247
Central administration costs and Directors' salaries						(85,582)
Finance income						260,041
Finance costs						(159,974)
Other gains and losses						112,360
Share of profit of associates						2,754
Profit before tax						1,537,846
Income tax expense						(457,550)
Profit for the year						1,080,296

9. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

	Southern Jiangsu Province RMB'000	Northern Jiangsu Province RMB'000	Western region of PRC RMB'000	Total reportable segments RMB'000	Others RMB'000	Total RMB'000
For the year ended 31 December 2013 (Restated)						
Gross sales proceeds	5,633,626	7,556,492	2,190,047	15,380,165	1,452,888	16,833,053
Segment revenue	1,338,707	1,546,660	383,106	3,268,473	391,088	3,659,561
Segment results (restated)	667,936	769,429	143,633	1,580,998	18,594	1,599,592
Central administration costs and Directors' salaries						(84,440)
Finance income						242,593
Finance costs						(163,018)
Other gains and losses						99,851
Share of profit of associates						13,150
Profit before tax (restated)						1,707,728
Income tax expense						(473,241)
Profit for the year (restated)						1,234,487

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

9. SEGMENT INFORMATION (CONTINUED)

Segment assets

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

	Southern Jiangsu Province RMB'000	Northern Jiangsu Province RMB'000	Western region of PRC RMB'000	Total reportable segments RMB'000	Others RMB'000	Total RMB'000
At 31 December 2014						
Segment assets	**2,996,897**	**3,516,617**	**1,543,725**	**8,057,239**	**488,305**	**8,545,544**
Interests in associates						**308,284**
Deferred tax assets						**127,844**
Investments in interest bearing instruments						**2,303,438**
Structured bank deposits						**1,256,957**
Restricted cash						**28,458**
Bank balances and cash						**1,819,722**
Other corporate assets						**2,127,512**
Consolidated total assets						**16,517,759**
At 31 December 2013 (Restated)						
Segment assets	2,313,375	2,779,188	1,551,927	6,644,490	379,630	7,024,120
Interests in associates						255,255
Investment in convertible bonds						56,049
Deferred tax assets						100,390
Investments in interest bearing instruments						3,005,573
Structured bank deposits						1,244,221
Restricted cash						25,908
Bank balances and cash (restated)						1,666,004
Other corporate assets						1,726,493
Consolidated total assets (restated)						15,104,013

For the purposes of monitoring segment performances and allocating resources between segments, all assets are allocated to operating segments other than interests in associates, investment in convertible bonds, deferred tax assets, investments in interest bearing instruments, structured bank deposits, restricted cash, bank balances and cash and other corporate assets.

9. SEGMENT INFORMATION (CONTINUED)

Other segment information

Amounts included in the measure of segment profit or loss or segment assets:

	Southern Jiangsu Province RMB'000	Northern Jiangsu Province RMB'000	Western region of PRC RMB'000	Total reportable segments RMB'000	Others RMB'000	Total RMB'000
For the year ended 31 December 2014						
Addition to non-current assets (Note)	**1,302,656**	**776,003**	**13,027**	**2,091,686**	**24,279**	**2,115,965**
Depreciation and amortisation of property, plant and equipment and investment property	**55,323**	**100,319**	**34,351**	**189,993**	**31,519**	**221,512**
Release of prepaid lease payments on land use rights	**17,688**	**7,058**	**12,932**	**37,678**	**—**	**37,678**
Less: amounts capitalised	**(15,570)**	**(2,134)**	**—**	**(17,704)**	**—**	**(17,704)**
For the year ended 31 December 2013 (Restated)						
Addition to non-current assets (Note)	66,289	66,525	47,296	180,110	29,101	209,211
Depreciation and amortisation of property, plant and equipment and investment property	36,484	90,764	35,535	162,783	18,954	181,737
Release of prepaid lease payments on land use rights	4,523	7,058	12,932	24,513	—	24,513
Less: amounts capitalised	(2,405)	(2,134)	—	(4,539)	—	(4,539)

Note: Non-current assets excluded goodwill, interests in associates, financial instruments and deferred tax assets.

10. OTHER OPERATING INCOME

	2014	2013
	RMB'000	RMB'000
Income from suppliers and customers	**257,663**	205,301
Government grants	**24,625**	25,817
Others	**2,293**	1,854
	284,581	232,972

11. FINANCE INCOME

	2014	2013
	RMB'000	RMB'000
Income from investments in interest bearing instruments	**176,460**	130,657
Income from structured bank deposits	**68,179**	87,828
Interest income on bank deposits	**10,879**	17,662
Effective interest income on:		
Investment in convertible bonds (note 26)	**4,523**	5,800
Amount due from a former shareholder of a subsidiary	**—**	646
	260,041	242,593

12. FINANCE COSTS

	2014	2013
	RMB'000	RMB'000
Interest expenses on:		
Bank loans wholly repayable within five years	**89,916**	90,915
Senior notes wholly repayable after five years	**118,021**	72,103
	207,937	163,018
Less: amounts capitalised in the cost of qualifying assets	**(47,963)**	—
	159,974	163,018

Finance costs capitalised are calculated by applying a weighted average capitalisation rate of 4.2% (2013: nil) per annum.

13. OTHER GAINS AND LOSSES

	2014	2013
	RMB'000	RMB'000
Net foreign exchange (loss) gain	**(13,371)**	103,150
Gain on deemed disposal of an associate, net of release of exchange reserve	**1,429**	—
Dividend income from equity investments	**9,047**	—
Changes in fair value of:		
Held-for-trading investments	**40,881**	12,578
Derivative component of investment in convertible bonds (note 26)	**(3,783)**	(10,609)
Investment revaluation reserve reclassified to profit or loss on impairment of available-for-sale investments	**—**	(3,000)
Investment revaluation reserve reclassified to profit or loss on disposal of available-for-sale investments	**78,157**	(2,268)
	112,360	99,851

14. INCOME TAX EXPENSE

	2014	2013
	RMB'000	RMB'000
PRC Enterprise Income Tax:		
Current year	**420,171**	426,391
(Over) under provision in prior years	**(13,108)**	26,736
	407,063	453,127
Withholding tax on distribution of earnings from the PRC subsidiaries	**51,386**	66,000
Deferred tax credit:		
Current year	**(899)**	(45,886)
	457,550	473,241

14. INCOME TAX EXPENSE (CONTINUED)

Hong Kong Profits Tax has not been provided as the Group had a tax loss in Hong Kong during the years ended 31 December 2014 and 2013.

Subsidiaries of the Group located in the PRC are subject to PRC Enterprise Income Tax rate of 25% (2013: 25%) pursuant to the relevant PRC Enterprise Income Tax laws, except for Xi'an Golden Eagle International Shopping Centre Co., Ltd. which was granted on 24 April 2014 a preferential income tax rate of 15% effective from 1 January 2013 for 8 years.

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

	2014 **RMB'000**	2013 RMB'000 (Restated)
Profit before tax	**1,537,846**	1,707,728
Tax at the applicable tax rate of 25% (2013: 25%)	**384,462**	426,932
Tax effect of share of profit of associates	**(689)**	(3,287)
Tax effect of expenses not deductible for tax purpose	**87,565**	49,802
Tax effect of income not taxable for tax purpose	**(55,159)**	(32,503)
Tax effect of tax losses not recognised	**20,821**	2,941
(Over) under provision in prior years	**(13,108)**	26,736
Effect of withholding tax on estimated dividends in respect of the PRC subsidiaries' current year undistributable profits	**51,386**	18,700
Others	**(17,728)**	(16,080)
Tax charge for the year	**457,550**	473,241

15. PROFIT FOR THE YEAR

	2014 RMB'000	2013 RMB'000
Profit for the year has been arrived at after charging (crediting):		
Directors' remuneration	400	545
Other staff:		
Salaries and other benefits	378,646	326,594
Retirement benefits schemes contributions	46,432	39,316
Equity-settled share-based payments	5,750	9,200
	431,228	375,655
Auditor's remuneration	1,950	1,950
Depreciation of property, plant and equipment	232,450	192,377
Depreciation of investment property	2,087	2,087
Release of prepaid lease payments on land use rights	37,678	24,513
Less: amounts capitalised	(17,704)	(4,539)
	19,974	19,974
Loss on disposal of property, plant and equipment	1,187	277
Gross rental income from investment property	(17,770)	(13,446)
Less: direct operating expenses incurred for investment property	2,822	2,662
	(14,948)	(10,784)

16. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable to the Directors of the Company were as follows:

	2014					2013				
		Other emoluments					Other emoluments			
	Fees RMB'000	Salaries and other benefits RMB'000	Retirement benefits scheme contributions RMB'000	Equity-settled share-based payments RMB'000	Total RMB'000	Fees RMB'000	Salaries and other benefits RMB'000	Retirement benefits scheme contributions RMB'000	Equity-settled share-based payments RMB'000	Total RMB'000
Executive Directors										
Mr. Wang Hung, Roger	–	–	–	–	–	–	–	–	–	–
Ms. Zheng Shu Yun (Note 1)	–	–	–	–	–	–	142	–	–	142
Sub-total	–	–	–	–	–	–	142	–	–	142
Non-executive Director										
Mr. Han Xiang Li (Note 2)	–	–	–	–	–	–	–	–	–	–
Independent non-executive Directors										
Mr. Wong Chi Keung	171	–	–	–	171	173	–	–	–	173
Mr. Wang Yao	114	–	–	–	114	115	–	–	–	115
Mr. Liu Chi Husan, Jack (Note 3)	48	–	–	–	48	115	–	–	–	115
Mr. Lay Danny J (Note 4)	67	–	–	–	67	–	–	–	–	–
	400	–	–	–	400	403	–	–	–	403
Sub-total	400	–	–	–	400	403	142	–	–	545
Chief Executive Officer										
Mr. Su Kai (Note 5)	–	296	21	–	317	–	–	–	–	–
Total	400	296	21	–	717	403	142	–	–	545

16. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (CONTINUED)

Notes:

1. Ms. Zheng Shu Yun was retired as an executive Director of the Company with effect from 23 May 2013.
2. Mr. Han Xiang Li was resigned as a non-executive Director of the Company with effect from 17 March 2014.
3. Mr. Liu Chi Husan, Jack was retired as an independent non-executive Director of the Company with effect from 21 May 2014.
4. Mr. Lay Danny J was appointed as an independent non-executive Director of the Company with effect from 21 May 2014.
5. Mr. Su Kai was appointed as a Chief Executive Officer of the Company with effect from 25 August 2014.

Of the five individuals with highest emoluments in the Group, one (2013: none) was the Chief Executive Officer of the Company whose emoluments were included above. The emoluments of the remaining four (2013: five) individuals were as follows:

	2014	2013
	RMB'000	RMB'000
Salaries and other benefits	**2,449**	2,760
Retirement benefits schemes contributions	**113**	155
Equity-settled share-based payments	**851**	1,528
	3,413	4,443

Their emoluments were within the following bands:

	2014	2013
	No. of employees	No. of employees
Nil to HKD1,000,000 (Equivalent to Nil to RMB790,000)	**3**	3
HKD1,000,001 to HKD1,500,000 (Equivalent to RMB790,001 to RMB1,183,000)	**—**	1
HKD1,500,001 to HKD2,000,000 (Equivalent to RMB1,183,001 to RMB1,578,000)	**1**	1
	4	5

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

17. DIVIDENDS

	2014 RMB'000	2013 RMB'000
Dividends recognised as distribution during the year:		
Final dividend for the year ended 31 December 2013 of RMB0.203 (year ended 31 December 2012: RMB0.188) per share	**364,924**	352,758
Interim dividend for the six months ended 30 June 2014 of RMB0.088 (six months ended 30 June 2013: nil) per share	**157,113**	—
	522,037	352,758

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2014 of RMB0.151 (2013: RMB0.203) per share has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

18. EARNINGS PER SHARE

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

18. EARNINGS PER SHARE (CONTINUED)

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

	2014	2013
	RMB'000	RMB'000
		(Restated)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**1,082,470**	1,234,968

	2014	2013
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,806,713**	1,883,513
Effect of dilutive potential ordinary shares attributable to share options	**7,210**	8,868
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,813,923**	1,892,381

Certain outstanding share options of the Company have not been included in the computation of diluted earnings per share as they did not have dilutive effect to the Company's earnings per share during the years ended 31 December 2014 and 31 December 2013 because the exercise price of these options were higher than the average market prices of the Company's shares during both years.

19. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Live animals RMB'000	Construction in progress RMB'000	Total RMB'000
COST								
At 1 January 2013 (Restated)	3,800,868	807,127	105,487	136,486	7,441	—	14,538	4,871,947
Acquired on acquisition of a subsidiary (note 40)	—	—	—	—	—	—	7,240	7,240
Additions	191	7,320	296	20,452	223	—	179,629	208,111
Transfers	55,980	69,159	—	5,124	—	—	(130,263)	—
Disposals	—	(2,449)	(2,230)	(3,949)	(262)	—	—	(8,890)
At 31 December 2013 (Restated)	3,857,039	881,157	103,553	158,113	7,402	—	71,144	5,078,408
Acquired on acquisition of subsidiaries (notes 39 & 40)	82,766	—	118	977	1,419	—	1,518	86,798
Additions	934,374	78,796	1,150	32,198	2,701	2,316	983,449	2,034,984
Transfers	620,806	139,488	251	13,607	—	—	(774,152)	—
Disposals	(589)	—	(56)	(5,894)	(642)	—	—	(7,181)
At 31 December 2014	5,494,396	1,099,441	105,016	199,001	10,880	2,316	281,959	7,193,009
DEPRECIATION AND AMORTISATION								
At 1 January 2013	403,567	344,998	45,729	48,222	4,493	—	—	847,009
Provided for the year	82,825	84,209	7,003	17,547	793	—	—	192,377
Eliminated on disposals	—	(2,071)	(2,001)	(3,473)	(249)	—	—	(7,794)
At 31 December 2013	486,392	427,136	50,731	62,296	5,037	—	—	1,031,592
Acquired on acquisition of subsidiaries (note 40)	—	—	—	782	799	—	—	1,581
Provided for the year	99,005	103,164	7,004	21,338	1,313	626	—	232,450
Eliminated on disposals	(123)	—	(38)	(5,041)	(617)	—	—	(5,819)
At 31 December 2014	585,274	530,300	57,697	79,375	6,532	626	—	1,259,804
CARRYING VALUES								
At 31 December 2014	4,909,122	569,141	47,319	119,626	4,348	1,690	281,959	5,933,205
At 31 December 2013	3,370,647	454,021	52,822	95,817	2,365	—	71,144	4,046,816

19. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Other than land and buildings mentioned in the immediate preceding paragraph, the cost of other buildings is depreciated over 40 years using the straight-line method.

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

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

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

	2014	2013
	RMB'000	RMB'000
The carrying value of the Group's property interests situated in the PRC comprises land and buildings held under:		
Medium-term land use rights	**3,540,341**	2,939,256
Long-term land use rights	**1,368,781**	431,391
	4,909,122	3,370,647

As at the end of the reporting period, the Group is in the process of obtaining title deeds of buildings with carrying value of approximately RMB1,767,485,000 (2013: RMB247,622,000).

20. LAND USE RIGHTS

	2014 RMB'000	2013 RMB'000
CARRYING VALUE		
At beginning of the year	**1,946,224**	1,318,882
Acquired on acquisition of a subsidiary (note 40)	**—**	448,595
Additions	**332,157**	203,260
Released during the year	**(37,678)**	(24,513)
At end of the year	**2,240,703**	1,946,224

	2014 RMB'000	2013 RMB'000
Analysed for reporting purposes as:		
Non-current assets	**2,203,030**	1,909,689
Current assets	**37,673**	36,535
	2,240,703	1,946,224

The amount represents prepaid lease payments on land use rights situated in the PRC for a period ranged from 37 to 50 years.

As at the end of the reporting period, the Group is in the process of obtaining land use right certificates in respect of medium-term land use rights with a carrying value of approximately RMB1,044,079,000 (2013: RMB747,010,000).

21. INVESTMENT PROPERTY

	Amount
	RMB'000
COST	
At 1 January 2013, 31 December 2013 and 31 December 2014	92,738
DEPRECIATION	
At 1 January 2013	2,087
Provided for the year	2,087
At 31 December 2013	4,174
Provided for the year	2,087
At 31 December 2014	6,261
CARRYING VALUES	
At 31 December 2014	86,477
At 31 December 2013	88,564

The investment property includes the building element of the property only as the land element is included in "land use rights" in the consolidated statement of financial position.

The fair value of the Group's investment property at 31 December 2014 was RMB250,372,000 (2013: RMB246,147,000), including land element of RMB159,866,000 (2013: RMB152,877,000) and building element of RMB90,506,000 (2013: RMB93,270,000). The fair value has been arrived at based on a valuation carried out by RHL Appraisal Limited, an independent valuer not connected with the Group. The valuation was determined by reference to recent market prices for similar properties in the similar locations and conditions. There has been no change from the valuation technique used in the prior year.

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

21. INVESTMENT PROPERTY (CONTINUED)

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

	As at 31 December 2014		As at 31 December 2013	
	Level 3	**Fair value**	Level 3	Fair value
	RMB'000	**RMB'000**	RMB'000	RMB'000
Commercial property units located in the PRC	**90,506**	**90,506**	93,270	93,270

The investment property is depreciated over 37 years using the straight-line method, and is held under a medium-term land use right in the PRC.

22. DEPOSITS AND PREPAYMENTS

	2014	2013
	RMB'000	RMB'000
Prepayments for acquisition of property, plant and equipment and land use rights (Note 1)	**534,163**	1,234,539
Deposit for acquisition of a joint venture (Note 2)	**300,000**	—
Deposit for acquisition of an associate	**—**	5,650
Rental deposits	**14,200**	14,200
	848,363	1,254,389

Notes:

1. Included in the balance is prepayments of RMB434,163,000 (2013: RMB1,002,913,000) paid to fellow subsidiaries of the Group for construction of properties to be delivered to the Group in the future.

2. On 28 December 2014, the Group entered into an agreement with the Vendors and Vendors' Guarantors (as defined in the Company's announcement dated 28 December 2014) pursuant to which the Group will acquire 51% of the equity interest in the Suzhou Qianning Property Co., Ltd. ("Suzhou Qianning") at a consideration of RMB1,286,000,000. As at 31 December 2014, the Group has paid a refundable deposit of RMB300,000,000. Up to the date of this report, the transaction has not been completed. The balance at 31 December 2014 represents deposit paid for acquisition of Suzhou Qianning, a joint venture which is engaged in property development in the PRC.

23. GOODWILL

	Amount
	RMB'000
COST AND CARRYING VALUE	
At 1 January 2013 and 31 December 2013	256,908
Addition (note 39)	6,271
At 31 December 2014	263,179

Impairment testing on goodwill

For the purpose of impairment testing, goodwill has been allocated to the following cash-generating units (CGUs) and groups of CGUs which are principally engaged in the operation of department stores in respective cities, except for Make The Brand Limited and its subsidiaries which are engaged in the business of launching and management of contemporary fashion brands. The carrying amount of goodwill as at 31 December 2014 allocated to these units is as follows:

	31.12.2014	31.12.2013
	RMB'000	RMB'000
Nantong Golden Eagle International Shopping Centre Co., Ltd.	**9,735**	9,735
Yangzhou Golden Eagle International Industry Co., Ltd.	**481**	481
Xuzhou Golden Eagle International Industry Co., Ltd.	**731**	731
Xi'an Golden Eagle International Shopping Centre Co., Ltd.	**6,717**	6,717
Xi'an Golden Eagle Yanta Shopping Centre Co., Ltd.	**8,371**	8,371
Anhui Golden Eagle Retail Co., Ltd. and Hefei Golden Eagle International Shopping Centre Co., Ltd	**230,873**	230,873
Make The Brand Limited	**6,271**	—
	263,179	256,908

During the year ended 31 December 2014, management of the Group determines that there is no impairment of any of its CGUs containing goodwill. The recoverable amounts of these CGUs have been determined based on a value in use calculation of the respective CGUs which containing similar key assumptions. For the purpose of determining the value in use, cash flow projections based on financial budgets approved by management covering a five year period has been used. Nil growth rate has been projected beyond that period. The discount rate applied to the cash flow projections is 10% (2013: 10%) per annum.

23. GOODWILL (CONTINUED)

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

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

Revenue:	The bases used to determine future earning potential are historical sales, the average and expected organic growth rates for stores operated by the Group and the average and expected growth rates of the retail market in the PRC.
Gross margins:	Gross margins are determined based on average gross margins achieved in the previous years.
Cost of sales and operating expenses:	The bases used to determine the values are cost of merchandise purchased for resale, staff costs, rental expenses, marketing and promotion expenses and other operating expenses. Value assigned to the key assumption reflects past experience and management's commitment to maintain its cost of sales and operating expenses at an acceptable level.
Discount rate:	Discount rate reflects management's estimate on the risks specific to these entities. A consideration has been given to the effective borrowing rate of the Group while determining the discount rate.

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

24. INTERESTS IN ASSOCIATES

	2014	2013
	RMB'000	RMB'000
Cost of investments in associates		
Listed	**228,560**	228,560
Unlisted	**90,035**	33,057
Share of post-acquisition loss and other comprehensive expenses	**(10,311)**	(6,362)
	308,284	255,255
Fair value of listed investments	**273,531**	304,404

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24. INTERESTS IN ASSOCIATES (CONTINUED)

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

Name of associate	Place of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/registered capital held by the Company		Principal activities
			2014	2013	
安徽三新鐘錶有限公司 (Anhui Sanxin Watch Co., Ltd.) ("Anhui Sanxin")	PRC	Registered capital – RMB20,000,000	**30%**	30%	Trading
中美聯合實業股份有限公司 (Allied Industrial Corp., Ltd.)	Taiwan	Share capital – TWD2,000,000,000	**38.4%**	38.4%	Manufacture and trading of disperse dyestuffs and investment holding
米斯特比薩金鷹餐飲管理(上海)有限公司 (Mr Pizza Golden Eagle Restaurant Management (Shanghai) Co., Ltd.)	PRC	Registered capital – RMB51,000,000	**41%**	41%	Operation of pizza restaurant
依洛金鷹國際股份有限公司 (iROO & Eagle International Co., Ltd.)	Hong Kong	Share capital – USD10,000,000	**49%**	–	Branded fashion
Zanadu Holding Limited	British Virgin Islands	Share capital – USD114.59	**16.6%**	–	On-line travel agency
北京泡泡瑪特貿易有限公司 (Pop Mart (Beijing) Trading Co., Ltd.)	PRC	Registered capital – RMB10,000,000	**19.9%**	–	Operation of trendy accessories store

24. INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information of material associate

Summarised financial information in respect of the Group's material associate, which represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs, is set out below. The associate is accounted for using the equity method in these consolidated financial statements.

Allied Industrial Corp. Ltd. ("Allied")

	2014 RMB'000	2013 RMB'000
Current assets	176,210	138,859
Non-current assets	617,422	649,795
Current liabilities	185,150	58,717
Non-current liabilities	77,221	198,329

	2014 RMB'000	2013 RMB'000
Revenue	216,654	134,314
Profit for the year	20,066	29,575
Other comprehensive expense for the year	(20,413)	(23,112)
Total comprehensive (expense) income for the year	(347)	6,463

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

	2014 RMB'000	2013 RMB'000
Net assets of Allied	531,261	531,608
Proportion of the Group's ownership interest in Allied	38.4%	38.4%
Effect of fair value adjustments at acquisition	6,327	6,327
Carrying amount of the Group's interest in Allied	210,331	210,465

24. INTERESTS IN ASSOCIATES (CONTINUED)

Aggregate information of associates that are not individually material

	2014 RMB'000	2013 RMB'000
The Group's share of post-tax (loss) profit and total comprehensive (expense) income	**(4,951)**	1,793
Aggregate carrying amount of the Group's interest in these associates	**97,953**	44,790

25. AVAILABLE-FOR-SALE INVESTMENTS

	2014 RMB'000	2013 RMB'000
Equity securities stated at fair value		
– listed in the PRC	**274,156**	281,307
– listed in Hong Kong	**68,398**	75,268
Total	**342,554**	356,575

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

26. INVESTMENT IN CONVERTIBLE BONDS

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

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

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

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

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

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

26. INVESTMENT IN CONVERTIBLE BONDS (CONTINUED)

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

	8 December 2014	31 December 2013
Risk-free interest rate	**3.4%**	4.4%
Volatility	**42.1%**	47.1%
Time to maturity	**1.7 years**	2.6 years

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

	Debt component RMB'000	**Derivative component** RMB'000	**Total** RMB'000
At 1 January 2013	34,743	26,115	60,858
Effective interest income recognised during the year (note 11)	5,800	—	5,800
Changes in fair value (note 13)	—	(10,609)	(10,609)
At 31 December 2013	40,543	15,506	56,049
Effective interest income recognised during the year (note 11)	4,523	—	4,523
Changes in fair value (note 13)	—	(3,783)	(3,783)
Transferred as consideration of acquisition (note 39)	(45,066)	(11,723)	(56,789)
At 31 December 2014	—	—	—

27. DEFERRED TAXATION

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

	2014	2013
	RMB'000	RMB'000
Deferred tax assets	**127,844**	100,390
Deferred tax liabilities	**(157,441)**	(130,265)
	(29,597)	(29,875)

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

	Accelerated depreciation allowances	Undistributable profits of the PRC subsidiaries	Start up costs	Tax losses	Revaluation of investments	Deferred revenue	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2013	98,244	49,050	(4,488)	(59,140)	(1,161)	(14,875)	2,281	69,911
Charge (credit) for the year (note 13)	17,411	18,700	2,261	(23,486)	27	1,381	3,820	20,114
Charge to other comprehensive income	–	–	–	–	5,850	–	–	5,850
Reversal on payment of withholding tax	–	(66,000)	–	–	–	–	–	(66,000)
At 31 December 2013	115,655	1,750	(2,227)	(82,626)	4,716	(13,494)	6,101	29,875
Charge (credit) for the year (note 13)	22,142	51,386	(4,520)	(27,783)	–	5,635	3,629	50,489
Charge to other comprehensive income	–	–	–	–	619	–	–	619
Reversal on payment of withholding tax	–	(51,386)	–	–	–	–	–	(51,386)
At 31 December 2014	137,797	1,750	(6,747)	(110,409)	5,335	(7,859)	9,730	29,597

27. DEFERRED TAXATION (CONTINUED)

At the end of the reporting period, the Group has unused tax losses of approximately RMB586,155,000 (2013: RMB391,738,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately RMB441,636,000 (2013: RMB330,505,000) of such losses which were tax losses arising from PRC and can be carried forward up to five years from the year in which the loss was originated to offset future taxable profits. No deferred tax asset has been recognised in respect of the remaining RMB144,519,000 (2013: RMB61,233,000) which were mainly arising from Hong Kong and may be carried forward indefinitely, due to the unpredictability of future profit streams.

Pursuant to the PRC Enterprise Income Tax laws, withholding tax is imposed on dividends declared by PRC subsidiaries of the Group in respect of profits earned from 1 January 2008 onwards. Deferred taxation has been provided for the portion of profits that are expected to be distributed by the PRC subsidiaries and no deferred taxation has been provided for the remaining profits of approximately RMB4,040 million as at 31 December 2014 (2013: RMB3,765 million) as the Group is able to control the timing of the distribution and it is probable that the amount will not be distributed in the foreseeable future.

28. TRADE AND OTHER RECEIVABLES

	2014 **RMB'000**	2013 RMB'000 (Restated)
Trade receivables	**53,641**	63,318
Management service fee receivable	**—**	28,539
Trade prepayments to suppliers	**87,991**	68,480
Deposits (Note)	**69,550**	75,815
Deposits paid for purchases of goods	**1,490**	2,659
Other taxes recoverable	**86,596**	103,236
Other receivables and prepayments	**184,240**	65,522
	483,508	407,569

Note: Included in the balance is RMB21,000,000 (2013: RMB18,000,000) rental deposits paid in respect of leasing of properties for department store operations from fellow subsidiaries of the Group.

The Group's trade customers mainly settled their debts by cash payments, either in the form of cash or debit cards, or credit card payments. The Group currently does not have a defined fixed credit policy as its trade receivables mainly arise from credit card sales. Trade receivables are all aged within 15 days from the respective reporting dates and had been fully settled subsequent to the end of the reporting period.

29. AMOUNTS DUE FROM FELLOW SUBSIDIARIES

	2014 RMB'000	2013 RMB'000
南京金鷹工程建設有限公司 (Nanjing Golden Eagle Construction and Development Co., Ltd.) ("Nanjing Construction and Development")	**4,334**	284
南京金鷹國際集團有限公司 (Nanjing Golden Eagle International Group Co., Ltd.) ("Nanjing Golden Eagle Group")	**3,563**	10,036
雲南金鷹實業有限公司 (Yunnan Golden Eagle Industry Co., Ltd.)	**3,061**	758
上海金鷹天地實業有限公司 (Shanghai Golden Eagle Tiandi Industry Co., Ltd.)	**2,837**	4,184
南通金鷹國際物業管理有限公司 (Nantong Golden Eagle International Properties Management Co., Ltd.)	**414**	248
Others	**1,145**	230
	15,354	15,740

The amounts due from Nanjing Golden Eagle Group and Nanjing Construction and Development relate to payments made to them for the acquisition of property, plant and equipment, and the remaining amounts represent prepayments made for property rentals and property management fees.

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

	2014 RMB'000	2013 RMB'000 (Restated)
Investments in interest bearing instruments (Note 1)	**2,303,438**	3,005,573
Structured bank deposits (Note 2)	**1,256,957**	1,244,221
Restricted cash (Note 3)	**28,458**	25,908
Bank balances and cash (Note 4)	**1,819,722**	1,666,004
	5,408,575	5,941,706

Notes:

1. Included in investments in interest bearing instruments RMB1,553,038,000 (2013: RMB2,868,920,000) represent the Group's investments in entrusted RMB loans or other restricted low risk debt instruments arranged by banks or trust companies in the PRC. The investments are principal guaranteed which carry variable rates of interest and are stated at amortised cost with effective interest ranging from 4.3% to 6.5% (2013: 5.5% to 7.7%) per annum for a term of one month to one year. The remaining RMB750,400,000 (2013: RMB136,653,000) represents the Group's investments in trust funds managed by trust companies for terms of one month. These trust funds invest in debt instruments and the investments were fully settled in January 2015 (2013: fully settled in January 2014).

2. Structured bank deposits represent foreign currency or interest rate linked structured bank deposits ("SBDs") placed by the Group to a number of banks for a term of one month to one year. Pursuant to the relevant underlying agreements, the SBDs carry interest at variable rates from 2.8% to 5.7% (2013: 1.5% to 6.4%) per annum with reference to the performance of foreign currency or interest rate during the investment period and the principal sums are denominated in RMB fixed and guaranteed by those banks. In the opinion of the Directors, the fair value of embedded derivatives does not have material impacts on the results and financial position of the Group.

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

4. Bank balances and cash comprise cash held by the Group and short-term bank deposits with original maturities of three months or less. Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term bank deposits are made for various periods ranging from 1 to 3 months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The effective interest rate for short-term bank deposits during the year ended 31 December 2014 is approximately 1.0% (2013: 0.8%) per annum.

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

31. TRADE AND OTHER PAYABLES

	2014 RMB'000	2013 RMB'000 (Restated)
Trade payables	**1,379,289**	1,466,615
Purchase of property, plant and equipment	**273,968**	80,387
Other taxes payable	**92,281**	85,179
Suppliers' deposits	**123,106**	99,059
Accrued expense	**97,449**	68,612
Accrued salaries and welfare expenses	**49,265**	47,937
Interest payable	**13,378**	12,824
Other payables	**220,637**	194,103
	2,249,373	2,054,716

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

	2014 RMB'000	2013 RMB'000 (Restated)
0 to 30 days	**1,132,690**	1,175,471
31 to 60 days	**115,894**	149,697
61 to 90 days	**48,191**	45,474
Over 90 days	**82,514**	95,973
	1,379,289	1,466,615

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

32. AMOUNTS DUE TO RELATED COMPANIES

	2014 RMB'000	2013 RMB'000 (Restated)
南京金鷹工程建設有限公司 (Nanjing Construction and Development) (Note 1)	**223,889**	64,231
南京金鷹國際集團有限公司 (Nanjing Golden Eagle Group) (Note 1)	**177,451**	7,566
Golden Star (Note 1)	**20,000**	24,704
南京金鷹物業資產管理有限公司 (Nanjing Golden Eagle Properties Assets Management Co., Ltd.) (Note 1)	**110**	—
安徽三新鐘錶有限公司 (Anhui Sanxin) (Note 2)	**40**	1,014
Others	**1,065**	1,985
	422,555	99,500

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

Notes:

1. Fellow subsidiaries of the Group.

2. An associate of the Group, details of the associate are set out in note 24.

33. BANK LOANS

	2014 RMB'000	2013 RMB'000
Short-term bank loans	**1,003,835**	—
Syndicated secured loans under Syndicated Loan Facility as defined below	**2,112,608**	2,086,638
	3,116,443	2,086,638
Less: Amounts due within one year shown under current liabilities	**3,116,443**	—
Amounts due after one year	**—**	2,086,638
Secured	**2,112,608**	2,086,638
Unsecured	**1,003,835**	—
	3,116,443	2,086,638

Syndicated secured loans represent a dual-currency three-year term loan facility of USD259.5 million and HKD665.0 million from a group of financial institutions which will be due for full repayment on 17 April 2015 (the "Syndicated Loan Facility"). The HKD denominated Syndicated Loan Facility carries interest at Hong Kong Interbank Offered Rate ("HIBOR") plus 2.3% per annum and the USD denominated Syndicated Loan Facility carries interest at London Interbank Offered Rate ("LIBOR") plus 2.3% per annum. The effective interest rate ranges from 3.6% to 3.9% (2013: 3.6% to 3.9%) per annum. Details of assets pledged for the Syndicated Loan Facility at end of the reporting period are set out in note 44.

At 31 December 2014, the unsecured short-term bank loans were denominated in HKD or USD, fully repayable within one year and carried interest at HIBOR/LIBOR plus 1.8% to 2.3% per annum.

34. DEFERRED REVENUE

	2014 RMB'000	2013 RMB'000
Prepayments from customers	**2,486,732**	2,864,544
Deferred revenue arising from the Group's customer loyalty programme	**32,935**	56,295
	2,519,667	2,920,839

35. SENIOR NOTES

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

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

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

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

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

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

36. SHARE CAPITAL

	Number of shares	Amount
		HKD'000
Ordinary shares of HKD0.10 each		
Authorised:		
At 1 January 2013, 31 December 2013 and 31 December 2014	5,000,000,000	500,000
Issued and fully paid:		
At 1 January 2013	1,934,607,000	193,461
Shares repurchased and cancelled	(94,904,000)	(9,490)
Exercise of share options	495,000	49
At 31 December 2013	1,840,198,000	184,020
Shares repurchased and cancelled	(51,677,000)	(5,168)
Cancellation of treasury shares	(2,667,000)	(267)
Exercise of share options	158,000	16
At 31 December 2014	1,786,012,000	178,601

	RMB'000
Shown in the consolidated statement of financial position:	
At 31 December 2014	**185,282**
At 31 December 2013	189,294

36. SHARE CAPITAL (CONTINUED)

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

Month of repurchase	No. of ordinary shares of HKD0.10 each of the Company	Price per share Highest HKD	Price per share Lowest HKD	Aggregate consideration paid HKD'000
For the year ended 31 December 2014				
January 2014	**9,615,000**	**10.19**	**9.69**	**95,027**
March 2014	**2,062,000**	**10.29**	**10.10**	**21,268**
May 2014	**25,270,000**	**9.61**	**9.45**	**241,889**
June 2014	**6,000,000**	**9.30**	**9.10**	**55,945**
July 2014	**4,730,000**	**9.48**	**9.08**	**43,856**
August 2014	**4,000,000**	**9.92**	**9.92**	**39,803**
	51,677,000			**497,788**
For the year ended 31 December 2013				
March 2013	5,232,000	14.30	13.66	72,950
April 2013	31,956,000	14.20	13.22	439,730
May 2013	16,500,000	13.78	11.68	210,639
June 2013	9,501,000	11.50	10.06	102,804
July 2013	11,124,000	10.98	9.54	111,472
August 2013	2,755,000	11.10	10.60	29,929
October 2013	2,289,000	11.80	10.82	25,768
November 2013	11,666,000	11.60	9.99	123,539
December 2013	6,548,000	10.30	9.98	66,289
	97,571,000			1,183,120

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36. SHARE CAPITAL (CONTINUED)

During the year, the nominal value of approximately HKD5,168,000 (2013: HKD9,490,000) (equivalent to approximately RMB4,025,000 (2013: RMB7,568,000)) of the shares cancelled was credited to capital redemption reserve account, and the premium paid or payable and the related costs incurred for the repurchase of approximately HKD492,620,000 (2013: HKD1,146,765,000) (equivalent to approximately RMB390,875,000 (2013: RMB914,976,000)) was charged against share premium account of the Company.

In addition, during the year ended 31 December 2014, a total of 158,000 (2013: 495,000) ordinary shares of HKD0.10 each of the Company were issued at HKD4.20 (2013: HKD4.20) per share upon exercise of share options. These shares issued rank pari passu in all respects with the then existing shares.

During the year ended 31 December 2013, a total of 97,571,000 shares were repurchased, in which 94,904,000 shares were cancelled in 2013 and the remaining 2,667,000 shares were subsequently cancelled in January 2014. These 2,667,000 shares were recognised as treasury shares at 31 December 2013 in the consolidated statement of changes in equity.

37. RESERVES

Special reserve

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

Statutory surplus reserve

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

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

37. RESERVES (CONTINUED)

Special surplus reserve (Continued)

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

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

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

Investment revaluation reserve

The investment revaluation reserve represents cumulative gains and losses arising on the revaluation of available-for-sale investments that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those available-for sale investments are disposed of or are determined to be impaired.

Exchange reserve

Exchange differences relating to the translation of the net assets of the Group's associate from its functional currency to the Group's presentation currency are recognised directly in other comprehensive income and accumulated in the exchange reserve. Such exchange differences accumulated in the exchange reserve are reclassified to profit or loss on the disposal of the associate.

38. SHARE-BASED PAYMENTS

Pursuant to the Company's share option scheme approved by written resolutions of the then sole shareholder of the Company on 26 February 2006 (the "Share Option Scheme"), the Company may grant options to any full-time or part-time employees, executives and officers of the Company and any of its subsidiaries (including executive directors, non-executive directors and independent non-executive directors of the Company and any of its subsidiaries) and business consultants, agents and legal and financial advisors of the Company or its subsidiaries which, in the opinion of the board of directors of the Company, have contributed to the Group to subscribe for shares in the Company for a consideration of HKD1.00 for each lot of share options granted for the primary purpose of providing incentives to directors, eligible employees, consultants and advisors. The Share Option Scheme will remain effective for a period of ten years commencing from 26 February 2006.

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

Options granted must be taken up within 30 days of the date of grant, upon payment of HKD1.00 for each lot of options. The exercise price is determined by the Directors of the Company, and will not be less than the higher of (i) the closing price of the ordinary shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing price of the ordinary shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant; and (iii) the nominal value of ordinary shares of the Company.

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38. SHARE-BASED PAYMENTS (CONTINUED)

Details of specific categories of options are as follows:

Option series	Share option granted	Date of grant	Vesting proportion	Exercise period	Exercise price
					HKD
2008	18,000,000	05/12/2008	10%	05/12/2010 ~ 04/12/2018	4.20
			10%	05/12/2011 ~ 04/12/2018	4.20
			10%	05/12/2012 ~ 04/12/2018	4.20
			10%	05/12/2013 ~ 04/12/2018	4.20
			10%	05/12/2014 ~ 04/12/2018	4.20
			10%	05/12/2015 ~ 04/12/2018	4.20
			10%	05/12/2016 ~ 04/12/2018	4.20
			30%	05/12/2017 ~ 04/12/2018	4.20
2010	20,000,000	20/10/2010	10%	20/10/2011 ~ 19/10/2020	19.95
			10%	20/10/2012 ~ 19/10/2020	19.95
			10%	20/10/2013 ~ 19/10/2020	19.95
			10%	20/10/2014 ~ 19/10/2020	19.95
			10%	20/10/2015 ~ 19/10/2020	19.95
			10%	20/10/2016 ~ 19/10/2020	19.95
			10%	20/10/2017 ~ 19/10/2020	19.95
			30%	20/10/2018 ~ 19/10/2020	19.95

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38. SHARE-BASED PAYMENTS (CONTINUED)

The following tables disclose movements of the Company's share options held by Directors and employees during both years:

	Outstanding at beginning of the year	Reclassification	Exercised during the year	Forfeited during the year	Outstanding at end of the year
For the year ended 31 December 2014					
Key management	**5,024,000**	**500,000**	**(64,000)**	**(2,330,000)**	**3,130,000**
Other employees	**17,073,000**	**(500,000)**	**(94,000)**	**(750,000)**	**15,729,000**
	22,097,000	**—**	**(158,000)**	**(3,080,000)**	**18,859,000**
Exercisable at 31 December 2014					**10,119,000**
Weighted average exercise price (HKD)	**10.01**	**—**	**4.20**	**18.26**	**8.71**
For the year ended 31 December 2013					
Key management	3,880,000	1,255,000	(111,000)	—	5,024,000
Other employees	19,347,000	(1,255,000)	(384,000)	(635,000)	17,073,000
	23,227,000	—	(495,000)	(635,000)	22,097,000
Exercisable at 31 December 2013					9,792,000
Weighted average exercise price (HKD)	10.13	—	4.20	19.08	10.01

38. SHARE-BASED PAYMENTS (CONTINUED)

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise was HKD10.49 (2013: HKD13.41).

The Group recognised total expenses of RMB5,750,000 (2013: RMB9,200,000) for the year ended 31 December 2014 in relation to share options granted by the Company.

The number of share options granted expected to vest has been reduced to reflect historical experience of forfeiture of options granted prior to completion of vesting period and accordingly the share option expense has been adjusted. At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in the profit and loss over the remaining vesting period, with a corresponding adjustment to the share option reserve.

39. ACQUISITION OF SUBSIDIARIES

(1) On 18 April 2014, the Group acquired 60% equity interests in Make The Brand Limited ("MTB") and its subsidiaries (the "MTB Group") at a cash consideration of approximately RMB10,429,000. This acquisition has been accounted for using the acquisition method. The amount of goodwill arising as a result of the acquisition was RMB6,271,000. The MTB Group's principal activities are launching and management of contemporary fashion brands throughout the Greater Asia region.

(2) On 8 December 2014, the Group entered into an agreement with the shareholders of Y2 International Company Limited ("Y2"), pursuant to which the Group acquired 100% equity interests in Y2 and its subsidiaries (the "Y2 Group") for the consideration of the value of the Bonds. After the acquisition, Y2 became a wholly-owned subsidiary of the Group and all rights and obligations under the Bonds are discharged and cancelled.

39. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Subsidiaries acquired

	Principal activity	Date of acquisition	Proportion of shares acquired	Consideration transferred
			%	RMB'000
MTB Group	Launch and management of contemporary fashion brands	18.4.2014	60	10,429
Y2 Group	Jewellery trading	8.12.2014	100	56,789
				67,218

MTB Group and Y2 Group were acquired to diversify the product lines available to the Group's customers.

Consideration transferred

	MTB	Y2
	RMB'000	RMB'000
Cash	10,429	—
Extinguishment of the Bonds	—	56,789
	10,429	56,789

39. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Assets acquired and liabilities recognised at the dates of acquisitions

	MTB	Y2	Total
	RMB'000	RMB'000	RMB'000
Current assets			
Cash and cash equivalents	8,764	1,612	10,376
Trade and other receivables	58	4,695	4,753
Inventories	—	50,050	50,050
Non-current assets			
Property, plant and equipment	621	1,832	2,453
Current liabilities			
Trade and other payables	(1,897)	(1,400)	(3,297)
Short-term bank loan	(616)	—	(616)
	6,930	56,789	63,719

Non-controlling interests

The non-controlling interests (40%) in the MTB Group recognised at the acquisition date was measured by reference to the proportionate share of fair value of identifiable net assets of the MTB Group, which amounted to RMB2,772,000.

Goodwill arising on acquisition

	MTB	Y2	Total
	RMB'000	RMB'000	RMB'000
Consideration transferred	10,429	56,789	67,218
Plus: non-controlling interests	2,772	—	2,772
Less: fair value of identifiable net assets acquired	(6,930)	(56,789)	(63,719)
	6,271	—	6,271

Goodwill arose in the acquisition of the MTB Group because the cost of acquisition includes the amounts in relation to the benefits of expected synergies, revenue growth and the future expansion of direct sales business bring forth to the Group. These benefits were not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purpose.

39. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Net cash flow on acquisition of subsidiaries

	Year ended 31/12/2014 RMB'000
Consideration paid in cash	(10,429)
Less: cash and cash equivalent balances acquired	10,376
	(53)

Impact of acquisition on the results of the Group

Included in the profit for the year is a loss of RMB7,227,000 attributable to the MTB Group, and a loss of RMB225,000 attributable to the Y2 Group. Revenue for the year includes RMB184,000 in respect of the MTB Group and RMB779,000 in respect of the Y2 Group.

Had these acquisitions been completed on 1 January 2014, the revenue of the Group would have been RMB3,635,236,000, and the profit for the year of the Group would have been RMB1,072,296,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2014, nor is it intended to be a projection of future results.

40. ACQUISITION OF ASSETS IN A SUBSIDIARY

In October and December 2013, the Group entered into sales and purchase agreements with an independent third party for the acquisition of additional 28% and 42% equity interests respectively in Suzhou Gaoxin Golden Eagle Plaza Co., Ltd. ("Suzhou Golden Eagle"), a former 30% associate of the Group, for an aggregated consideration of RMB435,189,000. On the date of acquisition, Suzhou Golden Eagle owned a piece of land in Suzhou City, Jiangsu Province, and has not commenced operations. The piece of land will be used for the Group's department store operation. After the acquisition, Suzhou Golden Eagle became a wholly-owned subsidiary of the Group.

On 15 October 2014, the Group entered into a sales and purchase agreement with an independent third party for the acquisition of 100% equity interests in Changzhou Chuangda Assets Management Co., Ltd. ("Changzhou Chuangda") for a consideration of RMB80,000,000. On the date of acquisition, Changzhou Chuangda owned a property in Changzhou City, Jiangsu Province, and the Group was leasing a portion of the property for department store operation. After the acquisition, Changzhou Chuangda became a wholly-owned subsidiary of the Group.

40. ACQUISITION OF ASSETS IN A SUBSIDIARY (CONTINUED)

In the opinion of the Directors, the above acquisitions in 2014 and 2013 do not constitute business combination in accordance with HKFRS 3 *Business Combination* and as such, the acquisitions have been accounted for as acquisition of assets.

Net assets acquired in the transactions are as follows:

	2014 Changzhou Chuangda RMB'000	2013 Suzhou Golden Eagle RMB'000
Property, plant and equipment	**82,766**	7,240
Land use right	**—**	448,595
Other receivables	**—**	318
Bank balances and cash	**—**	185,627
Other payables	**(2,766)**	(20,161)
	80,000	621,619
Satisfied by:		
Cost of investment in the associate	**—**	186,430
Cash consideration paid in 2012 as deposit for acquisition of a subsidiary	**—**	10,000
Cash consideration paid	**80,000**	425,189
Total consideration	**80,000**	621,619
Net cash outflow on acquisition		
Cash consideration paid	**80,000**	425,189
Less: cash and cash equivalents acquired	**—**	(185,627)
	80,000	239,562

41. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2014, deposits for acquisition of property, plant and equipment amounted to RMB700,376,000 had been transferred to property, plant and equipment account upon the completion of construction of department stores (2013: deposit for acquisition of land use right amounted to RMB190,000,000 transferred to land use right account upon the full payment of the relevant consideration).

During the year ended 31 December 2014, RMB56,789,000, representing the fair value of the Bonds at date of acquiring Y2, was transferred as consideration for the acquisition of 100% equity interests in Y2.

42. OPERATING LEASE ARRANGEMENTS

The Group as leasee

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

	2014	2013
	RMB'000	RMB'000
Within one year	**42,481**	41,203
In the second to fifth year inclusive	**302,428**	392,634
Over five years	**1,160,205**	1,488,867
	1,505,114	1,922,704

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

	2014	2013
	RMB'000	RMB'000
Within one year	**5,147**	—
In the second to fifth year inclusive	**5,147**	—
	10,294	—

42. OPERATING LEASE ARRANGEMENTS (CONTINUED)

The Group as leasee (Continued)

Other than the above-mentioned minimum lease payment contracts, the Group also entered into contingent lease contracts with certain landlords, which include fellow subsidiaries of the Group, which stipulate monthly lease payments should be chargeable on a percentage of the store's gross sales proceeds after related sales taxes and discounts. Rental expenses paid under these contingent lease contracts during the year ended 31 December 2014 amounted to approximately RMB140,505,000 (2013: RMB124,921,000).

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

The Group as lessor

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

	2014 **RMB'000**	2013 RMB'000
Within one year	**139,088**	63,658
In the second to fifth year inclusive	**389,392**	175,646
Over five years	**84,837**	92,047
	613,317	331,351

Other than the above-mentioned minimum lease payment contracts, the Group also entered into contingent lease contracts with certain tenants, which stipulate monthly lease payments should be calculated in accordance with certain ratios based on tenants' monthly gross sales or gross profit. Rental income received under these contingent lease contracts during the year ended 31 December 2014 amounted to approximately RMB117,708,000 (2013: RMB62,142,000).

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

43. CAPITAL COMMITMENTS

	2014 RMB'000	2013 RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– acquisition of property, plant and equipment and land use rights (Note 1)	**885,666**	1,174,867
– acquisition of a joint venture	**986,000**	—
– investment in an associate	**30,764**	650
– investment in a subsidiary	**10,200**	—
	1,912,630	1,175,517
Capital expenditure contracted for but not fully approved:		
– acquisition of subsidiaries (Note 2)	**25,000**	—

Notes:

1. Included in the balance is RMB609,142,000 (2013: RMB833,315,000) capital expenditure contracted for with fellow subsidiaries of the Group.

2. On 3 December 2014, the Group entered into agreements ("the Equity Transfer Agreements") with Nanjing Golden Eagle International Motor Sales Services Group Co., Ltd. ("Nanjing Golden Eagle Motor"), an indirect wholly-owned subsidiary of GEICO. In accordance with the Equity Transfer Agreements, the Group will acquire 100% equity interests in Golden Eagle Suxing Motor Sales Co., Ltd., Golden Eagle Suxing Motor Inspection Co., Ltd. and Suxing Motor Sales Co., Ltd. for an aggregated consideration of RMB25,000,000. Up to the date of this report, the transaction has not been completed and no consideration has been paid as the Group is in the process of arranging the independent shareholders of the Company to attend the extraordinary general meeting of the Company to consider and, if thought fit, approve the Equity Transfer Agreements.

44. PLEDGE OF ASSETS

At 31 December 2014, 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 Facility granted to the Group.

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

	2014	2013
	RMB'000	RMB'000
Available-for-sale investments	**68,398**	75,268
Trade and other receivables	**—**	28,539
Restricted cash	**17,104**	15,554
Bank balances and cash	**33,452**	354,731
	118,954	474,092

45. RETIREMENT BENEFITS SCHEMES

The employees of the PRC subsidiaries are members of state-managed retirement benefits schemes operated by the local PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

The Group also operates a Mandatory Provident Fund Scheme for all employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes a certain percentage of the relevant payroll costs to the scheme, which contribution is matched by the employees.

The total expense recognised in profit or loss of RMB46,432,000 (2013: RMB39,316,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes. As at 31 December 2014 and 31 December 2013, there was no outstanding contributions payable to the schemes.

46. RELATED PARTY TRANSACTIONS

During the year, other than those disclosed in notes 2, 16, 22, 24, 28, 29, 32, 38, 42 and 43, the Group had the following significant transactions with related companies:

a) Transactions:

Relationship with related companies	**Nature of transactions**	**2014 RMB'000**	2013 RMB'000
Fellow subsidiaries of the Group	Decoration service fee paid	**259,367**	54,840
	Property management fee paid	**70,131**	64,769
	Property and ancillary facilities rentals paid	**94,168**	82,066
	Carpark management service fee paid	**2,160**	2,143
	Project management service fee paid	**20,971**	—
Associates	Purchase of merchandise	**16,620**	24,947

b) Compensation of key management personnel:

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

	2014 RMB'000	2013 RMB'000
Salaries and other benefits	**4,840**	5,058
Retirement benefits schemes contributions	**418**	376
Equity-settled share-based payments	**2,018**	3,485
	7,276	8,919

The remuneration of Directors and other members of key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

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47. PARTICULARS OF SUBSIDIARIES

Name of subsidiary	Place/Country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/ registered capital held by the Company		Principal activities
			2014	2013	
Goldjoint Group Limited (Note 1)	British Virgin Islands	Share - USD1	**100%**	100%	Investment holding
Golden Eagle International Trading Limited (金鷹國際貿易有限公司)	Hong Kong	Share - HKD10,000	**100%**	100%	Investment holding
Eagle Ride Ventures Limited (鷹威企業有限公司)	British Virgin Islands	Share - USD300	**100%**	100%	Investment holding
Golden Eagle (Korea) Company Limited (金鷹(韓國)有限公司)	Hong Kong	Share - HKD7,800,000	**51%**	51%	Investment holding
Golden Eagle Co., Ltd.	Korea	Registered capital - Korea (South) Won 1,000,000,000	**51%**	51%	Trading
Make The Brand Limited	Hong Kong	Share - HKD10	**60%**	–	Investment holding
Make The Brand Inc.	United States	Share - nil	**60%**	–	Investment holding
Skinmint Holdings LLC	United States	Share - USD100,000	**60%**	–	Launch and management of contemporary fashion brands

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47. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place/Country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/ registered capital held by the Company		Principal activities
			2014	2013	
Golden Ning (Hong Kong) Limited (金寧(香港)有限公司)	Hong Kong	Share - HKD100	**100%**	–	Investment holding
Golden Eagle & Wonderplace Fashion (HK) Company Limited	Hong Kong	Share - HKD13,000,000	**51%**	–	Investment holding
Y2 International Company Limited (恒一國際品牌有限公司)	Hong Kong	Share - HKD45	**100%**	–	Investment holding and jewellery trading
iPoints Reward (HK) Company Limited (愛積分(香港)有限公司)	Hong Kong	Share - HKD10,000	**100%**	100%	Inactive
金鷹國際商貿股份有限公司	Taiwan	Share - TWD10,000,000	**100%**	100%	Inactive
金鷹國際商貿集團(中國)有限公司 (Golden Eagle International Retail Group (China) Co., Ltd.) ("Nanjing Golden Eagle") (Note 2)	PRC	Registered capital - RMB1,137,000,000	**100%**	100%	Investment holding and operation of department store
南通金鷹國際購物中心有限公司 (Nantong Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital - RMB20,000,000	**100%**	100%	Operation of department store
揚州金鷹國際實業有限公司 (Yangzhou Golden Eagle International Industry Co., Ltd.)	PRC	Registered capital - RMB40,000,000	**100%**	100%	Investment holding and operation of department store
蘇州金鷹國際購物中心有限公司 (Suzhou Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital - RMB20,000,000	**100%**	100%	Operation of department store

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47. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place/Country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/ registered capital held by the Company		Principal activities
			2014	2013	
徐州金鷹國際實業有限公司 (Xuzhou Golden Eagle International Industry Co., Ltd.)	PRC	Registered capital – RMB60,000,000	**100%**	100%	Operation of department store
西安金鷹雁塔購物中心有限公司 (Xi'an Golden Eagle Yanta Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB1,000,000	**100%**	100%	Operation of department store
西安金鷹國際購物中心有限公司 (Xi'an Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB100,000,000	**100%**	100%	Investment holding and operation of department store
泰州金鷹商貿有限公司 (Taizhou Golden Eagle Retail Co., Ltd.)	PRC	Registered capital – RMB40,000,000	**100%**	100%	Operation of department store
昆明金鷹購物廣場有限公司 (Kunming Golden Eagle Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB930,000,000	**100%**	100%	Operation of department store
南京金鷹天地購物中心有限公司 (Nanjing Golden Eagle G-City Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB20,000,000	**100%**	100%	Operation of department store
淮安金鷹國際購物中心有限公司 (Huai'an Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB100,000,000	**100%**	100%	Operation of department store
鹽城金鷹國際購物中心有限公司 (Yancheng Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB240,000,000	**100%**	100%	Operation of department store

47. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place/Country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/ registered capital held by the Company		Principal activities
			2014	2013	
上海金鷹國際購物廣場有限公司 (Shanghai Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB40,000,000	**100%**	100%	Operation of department store
南京金鷹商貿特惠中心有限公司 (Nanjing Golden Eagle Retail Outlet Co., Ltd.)	PRC	Registered capital – RMB10,000,000	**100%**	100%	Operation of department store
南京仙林金鷹購物中心有限公司 (Nanjing Xianlin Golden Eagle Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB15,000,000	**100%**	100%	Operation of department store
連雲港金鷹國際購物中心有限公司 (Lianyungang Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB100,000,000	**100%**	100%	Operation of department store
昆山金鷹國際購物中心有限公司 (Kunshan Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB100,000,000	**100%**	100%	Operation of department store
南京金鷹國際貿易有限公司 (Nanjing Golden Eagle Industry Co., Ltd.)	PRC	Registered capital – RMB10,000,000	**100%**	100%	Investment holding and trading
宿遷金鷹國際購物中心有限公司 (Suqian Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB100,000,000	**100%**	100%	Operation of department store
南京建鄴金鷹購物中心有限公司 (Nanjing Jianye Golden Eagle Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB100,000,000	**100%**	100%	Operation of department store

47. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place/Country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/ registered capital held by the Company 2014	2013	Principal activities
淮北金鷹國際購物中心有限公司 (Huaibei Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB30,000,000	**100%**	100%	Operation of department store
合肥金鷹國際購物中心有限公司 (Hefei Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB30,000,000	**100%**	100%	Operation of department store
安徽金鷹商貿有限公司 (Anhui Golden Eagle Retail Co., Ltd.)	PRC	Registered capital – RMB15,000,000	**100%**	100%	Investment holding and operation of department store
常州金鷹國際購物中心有限公司 (Changzhou Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB300,000,000	**100%**	100%	Operation of department store
溧陽金鷹國際購物中心有限公司 (Liyang Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB272,000,000	**100%**	100%	Operation of department store
常州金鷹嘉宏購物廣場有限公司 (Changzhou Golden Eagle Jiahong Shopping Centre Co., Ltd.) ("Jiahong Golden Eagle") (Note 2)	PRC	Registered capital – USD10,000,000	**100%**	100%	Operation of department store
昆明金鷹南亞購物中心有限公司 (Kunming Golden Eagle Nanya Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB60,000,000	**100%**	100%	Operation of department store

47. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place/Country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/ registered capital held by the Company		Principal activities
			2014	2013	
徐州金鷹人民廣場購物中心有限公司 (Xuzhou Golden Eagle People Square Shopping Centre Co., Ltd.)	PRC	Registered capital - RMB40,000,000	**100%**	100%	Operation of department store
雲南尚美投資管理有限公司 (Yunnan Shangmei Investment Management Co., Ltd.)	PRC	Registered capital - RMB156,000,000	**100%**	100%	Property holding
常州武進金鷹購物中心有限公司 (Changzhou Wujin Golden Eagle Shopping Centre Co., Ltd.)	PRC	Registered capital - RMB70,000,000	**100%**	100%	Operation of department store
西安金鷹北城購物中心有限公司 (Xi'an Golden Eagle Beicheng Shopping Centre Co., Ltd.)	PRC	Registered capital - RMB80,000,000	**100%**	100%	Operation of department store
南京江甯金鷹購物中心有限公司 (Nanjing Jiangning Golden Eagle Shopping Centre Co., Ltd.) ("Jiangning Golden Eagle") (Note 2)	PRC	Registered capital - RMB280,000,000	**100%**	100%	Operation of department store
蘇州高新金鷹商業廣場有限公司 (Suzhou Gaoxin Golden Eagle Plaza Co., Ltd.)	PRC	Registered capital - RMB621,430,000	**100%**	100%	Operation of department store
南京愛積分商業管理有限公司 (Nanjing iPoints Business Management Co., Ltd.) ("Nanjing iPoints") (Note 2)	PRC	Registered capital - RMB23,000,000	**100%**	100%	Trading
南京金鷹優享餐飲管理有限公司	PRC	Registered capital - RMB500,000	**100%**	–	Management of restaurants

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47. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place/Country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/ registered capital held by the Company		Principal activities
			2014	2013	
丹陽金鷹國際購物中心有限公司 (Danyang Golden Eagle International Shopping Centre Co., Ltd.) ("Danyang Golden Eagle") (Note 2)	PRC	Registered capital – USD20,000,000	**100%**	–	Operation of department store
鹽城金鷹聚龍湖購物中心有限公司 (Yancheng Golden Eagle Julonghu Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB100,000,000	**100%**	–	Operation of department store
南通金鷹圓融購物中心 (Nantong Golden Eagle Yuanrong Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB200,000,000	**100%**	–	Operation of department store
南京金鷹泡泡瑪特商貿有限公司 (Nanjing Golden Eagle Pop Mart Trading Co., Ltd.)	PRC	Registered capital – RMB10,000,000	**80%**	–	Operation of trendy accessories store
常州創達資產經營有限公司 (Changzhou Chuangda Assets Management Co., Ltd.)	PRC	Registered capital – RMB80,000,000	**100%**	–	Property holding
金鷹國際海洋世界(常州)有限公司 (Golden Eagle International Ocean World (Changzhou) Co., Ltd. ("Changzhou Ocean World") (Note 2)	PRC	Registered capital – USD6,500,000	**100%**	–	Operation of aquarium
南京金鷹奇跡商貿有限公司 (Nanjing Golden Eagle Wonderplace Trading Co., Ltd.) ("Golden Eagle Wonderplace") (Note 2)	PRC	Registered capital – RMB20,000,000	**51%**	–	Trading

47. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place/Country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/ registered capital held by the Company		Principal activities
			2014	2013	
馬鞍山金鷹國際購物中心有限公司 (Ma'anshan Golden Eagle International Shoppinp Centre Co., Ltd.)	PRC	Registered capital - RMB100,000,000	100%	–	Operation of department store
上海恒一鑽石貿易有限公司 ("Shanghai Hengyi") (Note2)	PRC	Registered capital - USD300,000	100%	–	Trading
南京恒一國際貿易有限公司 ("Nanjing Hengyi") (Note2)	PRC	Registered capital - RMB22,000,000	100%	–	Trading

Notes:

1. Goldjoint Group Limited is held directly by the Company.

2. All of the PRC subsidiaries are companies registered as limited liability companies under the PRC law, except for Nanjing Golden Eagle, Jiahong Golden Eagle, Jiangning Golden Eagle, Nanjing iPoints, Danyang Golden Eagle, Changzhou Ocean World, Golden Eagle Wonderplace, Shanghai Hengyi and Nanjing Hengyi which are registered as a wholly-foreign owned enterprise under the PRC law.

3. None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year and none of the subsidiaries had issued any debt securities at the end of the year.

48. SUBSEQUENT EVENTS

On 18 March 2015, the Group has entered into a number of agreements in connection with certain properties leased from the lessors, which are connected persons of the Company. In general, those agreements are related to either (i) adjustment of the rentals payable by the Group to the lessors under the existing lease agreements or (ii) new lease agreements in respect of certain premises in Yancheng, Danyang, Nanjing Jiangning and Ma'anshan for its department store operations. Details of those agreements have been disclosed in the announcement of the Company dated 18 March 2015. All those transactions constitute continuing connected transactions and are subject to the approvals of the independent shareholders of the Company at the extraordinary general meeting of the Company to be held on 13 May 2015.

49. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Statement of financial position of the Company at the end of the reporting period includes:

	31.12.2014	31.12.2013
	RMB'000	RMB'000
Assets		
Property, plant and equipment	**13**	45
Interests in and amounts due from unlisted subsidiaries	**3,093,670**	3,007,843
Investments in and amount due from associates	**6,897**	—
Available-for-sale investments	**4,005**	4,438
Other receivables	**19**	28,809
Amount due from a fellow subsidiary	**250**	186
Bank balances and cash	**27,528**	34,926
	3,132,382	3,076,247
Liabilities		
Other payables	**16,062**	41,707
Senior notes	**2,419,569**	2,407,642
	2,435,631	2,449,349
Net assets	**696,751**	626,898
Capital and reserves		
Share capital (note 36)	**185,282**	189,294
Reserves	**511,469**	437,604
Total equity	**696,751**	626,898

49. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Movement in reserves

	Distributable reserve RMB'000	Treasury shares RMB'000	Capital redemption reserve RMB'000	Investment revaluation reserve RMB'000	Share option reserve RMB'000	Total RMB'000
At 1 January 2013	365,863	—	6,544	(746)	49,220	420,881
Profit for the year	1,294,146	—	—	—	—	1,294,146
Net gain on fair value changes of available-for-sale investments	—	—	—	623	—	623
Reclassified to profit or loss on impairment of available-for-sale investments	—	—	—	3,000	—	3,000
Reclassified to profit or loss on disposal of available-for-sale investments	—	—	—	(3,017)	—	(3,017)
Total comprehensive income for the year	1,294,146	—	—	606	—	1,294,752
Shares repurchased and cancelled	(922,544)	—	7,568	—	—	(914,976)
Shares repurchased but not cancelled	(20,911)	(210)	—	—	—	(21,121)
Exercise of share options	2,436	—	—	—	(810)	1,626
Transfer of share option reserve upon forfeiture or expiry of share options	13,953	—	—	—	(13,953)	—
Recognition of equity-settled share-based payments	—	—	—	—	9,200	9,200
Dividends recognised as distribution	(352,758)	—	—	—	—	(352,758)
At 31 December 2013	380,185	(210)	14,112	(140)	43,657	437,604

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49. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Movement in reserves (Continued)

	Distributable reserve RMB'000	Treasury shares RMB'000	Capital redemption reserve RMB'000	Investment revaluation reserve RMB'000	Share option reserve RMB'000	Total RMB'000
Profit for the year	980,980	–	–	–	–	980,980
Net loss on fair value changes of available-for-sale investments	–	–	–	(433)	–	(433)
Total comprehensive income (expense) for the year	980,980	–	–	(433)	–	980,547
Shares repurchased and cancelled	(395,095)	–	4,025	–	–	(391,070)
Cancellation of treasury shares	–	210	–	–	–	210
Exercise of share options	729	–	–	–	(264)	465
Transfer of share option reserve upon forfeiture or expiry of share options	2,135	–	–	–	(2,135)	–
Recognition of equity-settled share-based payments	–	–	–	–	5,750	5,750
Dividends recognised as distribution	(522,037)	–	–	–	–	(522,037)
At 31 December 2014	446,897	–	18,137	(573)	47,008	511,469