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

2019 中期報告
Interim Report

一 站 式 滿 足 生 活 所 需
Enriching Life

Spirit of Enterprise

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

Contents

BUILDING NATIONWIDE CHAIN NETWORK WITH YANGTZE RIVER DELTA AS CORE

Since the opening of our first chain store, Nanjing Xinjiekou Store, over 23 years ago, the Group has successfully opened 31 self-owned stores in the PRC with total gross floor area of 2,423,574 square meters and total operating area of 1,660,921 square meters as at 30 June 2019. These stores span across four provinces and one municipality, namely Jiangsu, Anhui, Shaanxi, Yunnan and Shanghai, covering 17 cities including Shanghai, Nanjing, Suzhou, Nantong, Yangzhou, Xuzhou, Taizhou, Huai'an, Yancheng, Suqian, Danyang, Kunshan, Wuhu, Ma'anshan, Huaibei, Xi'an and Kunming.

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

CONTINUING TO ENHANCE ORGANIC GROWTH AND DEVELOPING COMPREHENSIVE LIFESTYLE CENTERS

Capitalising on the mainstream customers' demand for consumption upgrade, the Group is developing itself into a professional operator which provides high-quality and comprehensive services. The Group prioritises the development of functions and product categories that enhance customers' shopping experience, with high growth potential and high gross margin, including lifestyle functions and amenities such as children's experience, maternity and baby care products, healthcare, lifestyle tourism, household, culture and creativity as well as IP themed entertainment parks etc. in order to enhance its comprehensiveness for shopping, leisure and family gatherings. As at 30 June 2019, the Group operated 15 comprehensive lifestyle centers with total gross floor area of 1,844,245 square meters. Operating area of the comprehensive lifestyle amenities accounted for 33.8% of the Group's total operating area. With the continuous development, expansion and adjustment of the Group's resources, the Group strives for continuous enhancement of its core competitiveness.

EMPHASISING ON INCREMENTAL DEVELOPMENT GROWTH, TAPPING TRENDS OF CONSUMPTION UPGRADE AND RISE OF EMERGING INDUSTRIES INCLUDING CHILDREN AND EDUCATION, HEALTHCARE AND MEDICAL SERVICES, BUILDING UP ASSET-LIGHT BUSINESS MODEL AND INTELLIGENT CONSUMPTION SERVICE PLATFORM

The Group will further secure core resources of new content, new channels and new VIP members, and formulate capabilities of self-owned asset-light output and integration to meet the needs for long-term development: (i) new content. To continue to invest in and develop new business functions in line with the trend of consumption upgrade, which are profitable, with high conversion, strong stickiness and continuous innovation in content that are also replicable; (ii) new channels. To expand its platform content out of its existing ecosystem leveraging on new channels derived from new content and achieve interaction and development of both content and platform; (iii) new VIP members. To further integrate member resources from the industry or strategic partners, combined with the application of new retail scenes and new technology to explore new VIP members targeting middle-class families and young stylish customers, at the same time providing merchandise and comprehensive services more effectively and accurately.

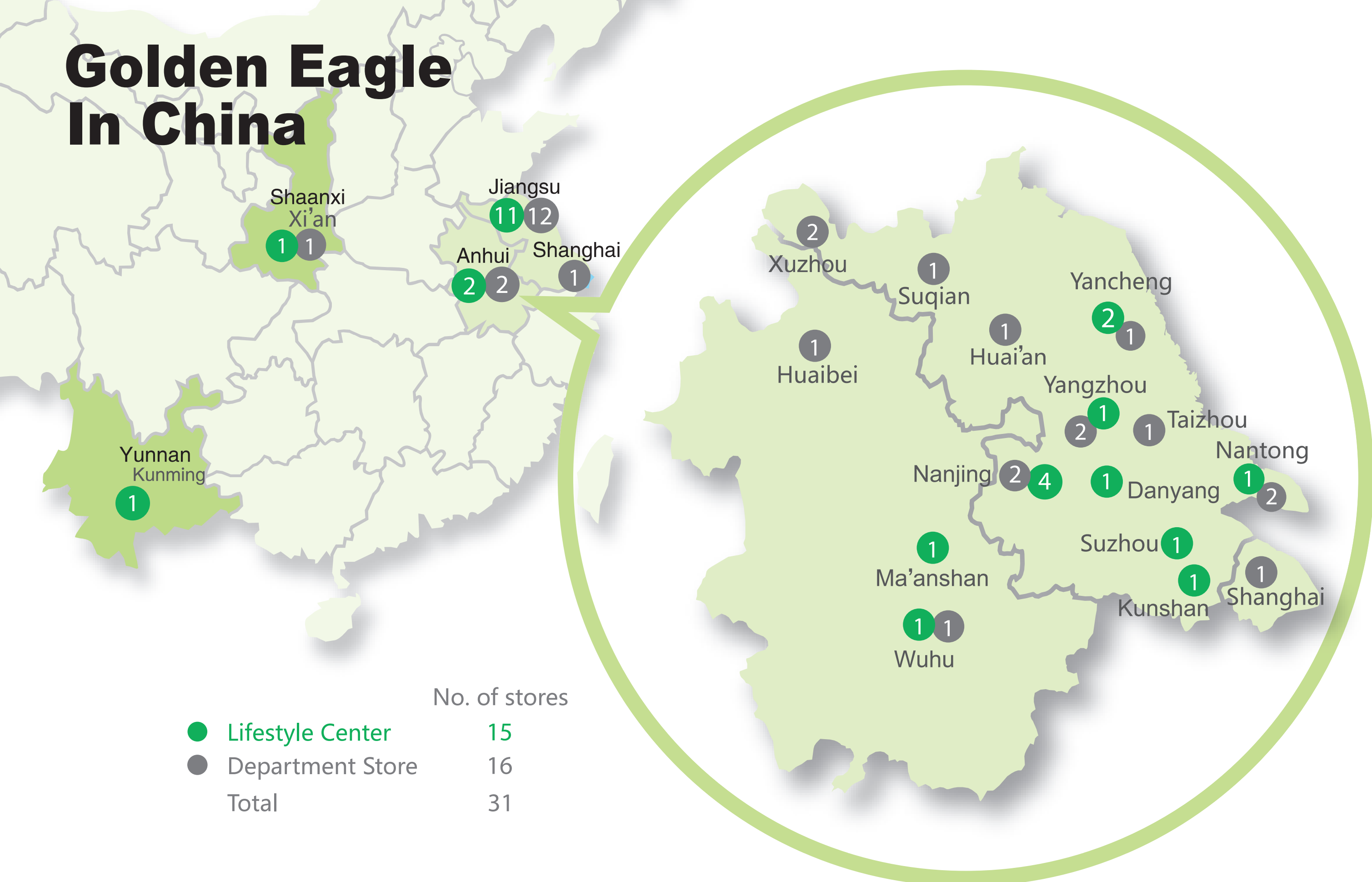
DEDICATED TO PROVIDING HIGH QUALITY AND INNOVATIVE VALUE-ADDED VIP SERVICES AND OMNI-CHANNEL SHOPPING EXPERIENCE

The Group fully utilises its omni marketing channels through the use of mobile phone application "goodee mobile App" (掌上金鷹) (the "App"), WeChat and Weibo social network platforms and the "Electronic VIP Card", and integrates its Jinying.com (金鷹購) online platform with its comprehensive lifestyle centers, 7-Eleven convenience stores and industry chain upstream and downstream resources. Coupled with quality and convenient comprehensive lifestyle service offerings, the Group has successfully achieved online and offline two-way marketing, thus driving a rapid growth of customer traffic and sales. As at 30 June 2019, the App has registered over 7.5 million downloads of which 2.6 million VIP customers connected their VIP membership cards with the App, while members of WeChat and Weibo achieved breakthrough of 2.6 million, with an average of 50,000 active daily users. At the same time, the Group has successfully secured over 3.2 million loyal VIP customers. Spending by the VIP customers accounted for 57.1% of the Group's total gross sales proceeds.

LOCALISED OPERATION STRATEGIES WITH WORLDWIDE MANAGEMENT VISION

The Group appreciates the dedication and contribution of its employees and develop their capabilities, competence and global vision by providing regular professional training sessions and overseas study trips for both the management and employees. The Group also implements localised management systems for each of its local markets. For each of its stores, the Group recruits local talents to form a management team with local expertise that the Group can utilise in respective markets. As at 30 June 2019, the Group had approximately 3,350 employees.

Golden Eagle In China

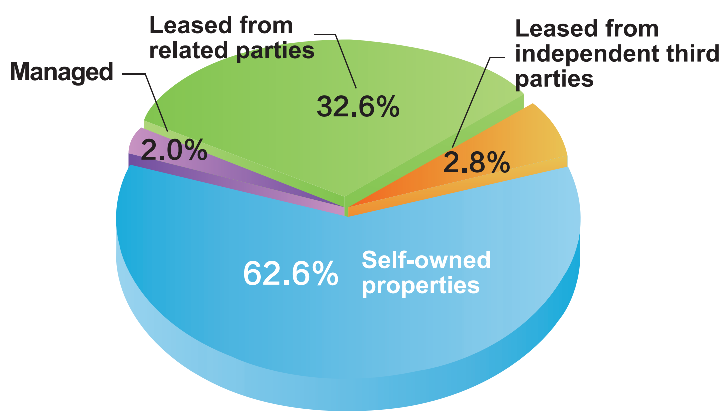


	No. of stores
Lifestyle Center	15
Department Store	16
Total	31

Self-owned properties situated at prime shopping locations accounted for 62.6%* of total gross floor area.

	Gross Floor Area (square meters)			
		Owned	Leased	Sub-total
1	Nanjing Xinjiekou Store #	83,896	29,242	113,138
2	Nantong Store	9,297		9,297
3	Yangzhou Store	37,562	3,450	41,012
4	Xuzhou Store	59,934		59,934
5	Xi'an Gaoxin Store	32,878		32,878
6	Taizhou Store	58,374		58,374
7	Kunming Store #	116,817		116,817
8	Nanjing Zhujiang Road Store		33,578	33,578
9	Huai'an Store	55,768		55,768
10	Yancheng Store #	88,165		88,165
11	Yangzhou Jinghua Store		29,598	29,598
12	Shanghai Store		29,651	29,651
13	Nanjing Hanzhong Store		12,462	12,462
14	Nanjing Xianlin Store #	168,900	42,795	211,695
15	Anhui Huaibei Store		34,714	34,714
16	Suqian Store	65,410		65,410
17	Xuzhou People's Square Store	37,457		37,457
18	Yancheng Outlet Store		18,377	18,377
19	Yancheng Julonghu Store #		110,848	110,848
20	Nantong Lifestyle Store #	94,700		94,700
21	Danyang Store #		52,976	52,976
22	Kunshan Store #	118,500		118,500

	Gross Floor Area (square meters)			
		Owned	Leased	Sub-total
23	Nanjing Jiangning Store #		144,710	144,710
24	Anhui Ma'anshan Store #		87,568	87,568
25	Nantong Renmin Road Store	30,191		30,191
26	Anhui Wuhu Store	30,629		30,629
27	Anhui Wuhu New City Store #	98,906		98,906
28	Xi'an Qujiang Store # @			48,502
29	Suzhou Store #	176,764		176,764
30	Golden Eagle World #		227,396	227,396
31	Yangzhou New City Center #	153,560		153,560
	Total			2,424,574 &



* As a percentage of total gross floor area (square meters) as at 30 June 2019
\# In the format of lifestyle center
@ Managed store
& Excludes Liyang Store, Jiahong and Lianyungang Supermarkets and Changzhou and Yancheng Aquariums, with total gross floor area of 96,124 sq.m..

EXECUTIVE DIRECTORS
Mr. Wang Hung, Roger
Ms. Wang Janice S. Y.
Mr. Hans Hendrik Marie Diederen

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Wong Chi Keung
Mr. Lay Danny J
Mr. Lo Ching Yan

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

PRINCIPAL PLACE OF BUSINESS IN THE PRC
8th Floor, Tower A, Golden Eagle Center
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

WEBSITE
http://www.geretail.com

COMPANY SECRETARY
Ms. Tai Ping, Patricia FCPA, FCPA (Aust)

AUTHORISED REPRESENTATIVES
Mr. Wang Hung, Roger
Ms. Tai Ping, Patricia FCPA, FCPA (Aust)

AUDIT COMMITTEE
Mr. Wong Chi Keung *(Chairman)*
Mr. Lay Danny J
Mr. Lo Ching Yan

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

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

STOCK CODE
3308

PRINCIPAL BANKERS IN THE PRC
Agricultural Bank of China
Bank of China
Bank of Communications
Bank of Jiangsu
Bank of Nanjing
Bank of Ningbo
Bank of Shanghai
China Construction Bank
China Merchants Bank
China Minsheng Bank
Industrial and Commercial Bank of China
Industrial Bank
Shanghai Pudong Development Bank

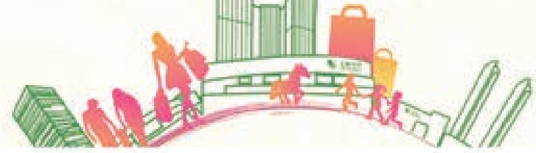
PRINCIPAL BANKERS IN HONG KONG
Bank of Communications
Bank of Jiangsu
Bank of Shanghai
China Everbright Bank
China Merchants Bank
China Minsheng Bank
East West Bank
Hang Seng Bank
Hongkong and Shanghai Banking Corporation
Industrial Bank
Shanghai Pudong Development Bank
Taipei Fubon Commercial Bank
The Bank of East Asia

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

HONG KONG LEGAL ADVISORS
Raymond Siu & Lawyers
Unit 1802, 18th Floor, Ruttonjee House
11 Duddell Street
Central, Hong Kong

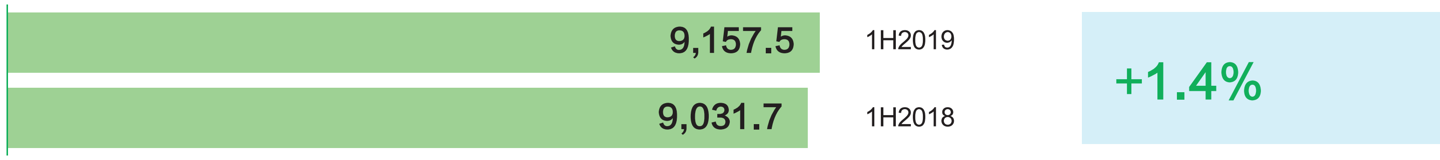
CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

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

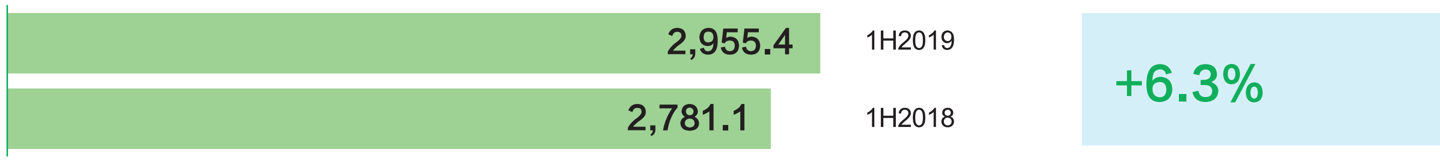


Financial Highlights

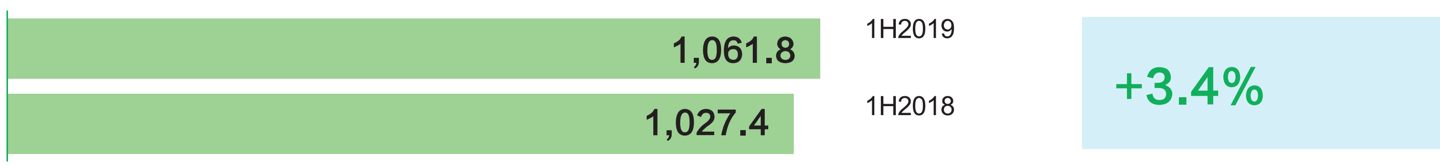
Gross Sales Proceeds (RMB Million)



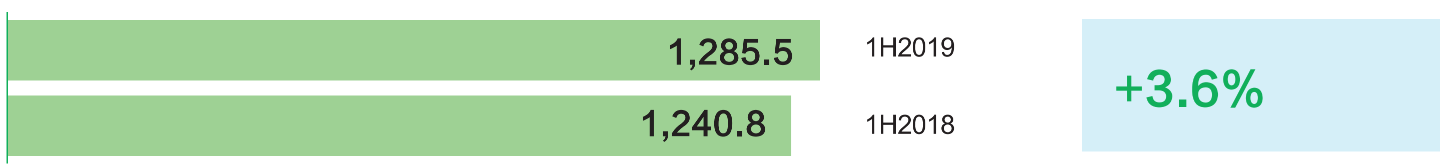
Revenue (RMB Million)



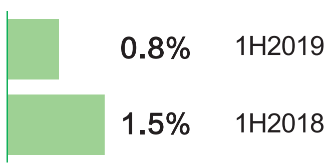
Profit from Operations (RMB Million)



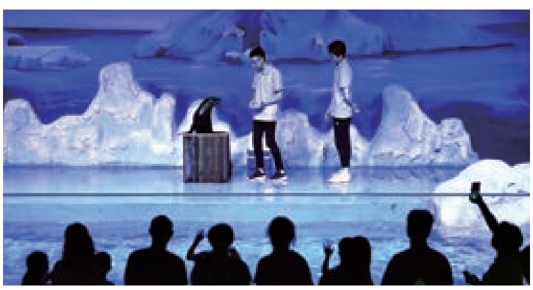
Profit from Operations before Depreciation and Amortisation (RMB Million)



Same Store Sales Growth[1]



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



Enriching life with styles!

Interim Results and Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2019

The board (the "Board") of directors (the "Directors") of Golden Eagle Retail Group Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2019, together with unaudited comparative figures for the corresponding period in 2018. The unaudited condensed consolidated interim results have not been audited, but have been reviewed by the auditor, Messrs. Deloitte Touche Tohmatsu, and the audit committee of the Company (the "Audit Committee").

		Six months ended 30 June	
	NOTES	**2019**	2018
		RMB'000	RMB'000
		(unaudited)	(unaudited & restated)
Revenue	4	**2,955,357**	2,781,133
Other income, gains and losses	6	**458,297**	235,517
Changes in inventories of merchandise		**(1,030,631)**	(899,939)
Cost of properties sold		**(185,267)**	(141,982)
Employee benefits expense		**(183,018)**	(188,923)
Depreciation and amortisation of property, plant and equipment and intangible asset		**(186,772)**	(186,019)
Depreciation of right-of-use assets		**(36,945)**	—
Release of prepaid lease payments on land use rights		**—**	(27,446)
Rental expenses		**(159,457)**	(152,627)
Other expenses		**(364,906)**	(392,117)
Share of loss of associates		**(47,065)**	(9,370)
Share of loss of joint ventures		**(14)**	(2,635)
Finance income	7	**23,193**	10,752
Finance costs	8	**(216,197)**	(205,010)
Profit before tax		**1,026,575**	821,334
Income tax expense	9	**(348,327)**	(321,147)
Profit for the period	10	**678,248**	500,187
Profit (loss) for the period attributable to:			
Owners of the Company		**685,828**	503,393
Non-controlling interests		**(7,580)**	(3,206)
		678,248	500,187
Earnings per share			
– Basic (RMB per share)	12	**0.408**	0.301
– Diluted (RMB per share)	12	**0.408**	0.300

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	RMB' 000	RMB' 000
	(unaudited)	(unaudited & restated)
Profit for the period	**678,248**	500,187
Other comprehensive (expense) income:		
Items that may be reclassified subsequently to profit or loss:		
Share of exchange difference of associates	**(3,093)**	4,128
Items that will not be reclassified subsequently to profit or loss:		
Fair value gain (loss) on investments in equity instruments at fair value through other comprehensive income	**37,185**	(34,601)
Gain on revaluation of property, plant and equipment on transfer to investment properties	**—**	55,982
Income tax expenses relating to item that will not be reclassified to profit or loss	**(10,386)**	(9,451)
	26,799	11,930
Other comprehensive income for the period, net of tax	**23,706**	16,058
Total comprehensive income for the period	**701,954**	516,245
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	**709,534**	519,451
Non-controlling interests	**(7,580)**	(3,206)
	701,954	516,245

Condensed Consolidated Statement of Financial Position

At 30 June 2019

	NOTES	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (restated)	1 January 2018 RMB'000 (restated)
Non-current assets				
Property, plant and equipment	13	**8,732,566**	8,730,635	9,067,776
Right-of-use assets		**2,201,097**	—	—
Land use rights – non-current portion		—	2,058,146	2,150,477
Investment properties	13	**2,127,520**	2,127,520	1,880,520
Intangible asset		**12,249**	12,582	13,247
Goodwill		**17,664**	17,664	17,664
Interests in associates		**271,633**	357,223	410,270
Interests in joint ventures		**13,534**	13,577	27,476
Other receivables	14	**50,875**	111,638	112,529
Available-for-sale investments		—	—	309,920
Equity instruments at fair value through other comprehensive income		**104,260**	172,078	—
Financial assets at fair value through profit or loss	15	**145,282**	119,421	—
Deferred tax assets		**91,306**	103,897	113,559
		13,767,986	13,824,381	14,103,438
Current assets				
Inventories		**326,472**	428,119	433,409
Land use rights – current portion		—	57,158	57,746
Properties under development for sale		**1,211,815**	1,303,433	1,444,051
Completed properties for sale		**1,002,594**	1,051,786	1,309,835
Trade and other receivables	14	**1,002,544**	1,021,856	991,143
Amounts due from related companies	16	**48,907**	78,850	40,173
Tax assets		**10,458**	6,883	44,563
Financial assets at fair value through profit or loss	15	**914,764**	1,020,004	—
Structured bank deposits		—	—	717,933
Investments in interest bearing instruments		—	—	310,315
Restricted cash		**91,860**	107,157	116,286
Bank balances and cash		**5,091,682**	5,336,773	5,800,418
		9,701,096	10,412,019	11,265,872

Condensed Consolidated Statement of Financial Position

At 30 June 2019

	NOTES	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (restated)	1 January 2018 RMB'000 (restated)
Current liabilities				
Bills, trade and other payables	17	**3,463,167**	4,251,725	6,328,833
Amounts due to related companies	18	**324,644**	622,929	604,837
Bank loans		**212,530**	218,666	4,799,852
Lease liabilities		**16,125**	—	—
Tax liabilities		**454,781**	529,961	395,166
Prepayments from customers		**2,581,195**	2,510,436	2,301,648
Contract liabilities	19	**663,385**	827,506	—
Deferred revenue		—	—	25,496
PRC medium-term notes		**1,499,295**	1,497,180	—
		9,215,122	10,458,403	14,455,832
Net current assets (liabilities)		**485,974**	(46,384)	(3,189,960)
Total assets less current liabilities		**14,253,960**	13,777,997	10,913,478
Non-current liabilities				
Bank loans		**4,085,486**	4,051,105	—
Senior notes		**2,585,277**	2,579,227	2,451,306
PRC medium-term notes		—	—	1,493,850
Lease liabilities		**45,837**	—	—
Other payables	17	**136,216**	126,933	117,315
Deferred tax liabilities		**742,898**	701,303	632,386
		7,595,714	7,458,568	4,694,857
Net assets		**6,658,246**	6,319,429	6,218,621
Capital and reserves				
Share capital	20	**176,865**	176,865	176,368
Reserves		**6,377,303**	6,030,906	5,923,954
Equity attributable to owners of the Company		**6,554,168**	6,207,771	6,100,322
Non-controlling interests		**104,078**	111,658	118,299
Total equity		**6,658,246**	6,319,429	6,218,621

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

	Attributable to owners of the Company													
	Share capital RMB'000 (note 20)	Treasury shares RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Special reserve RMB'000	Property revaluation reserve RMB'000	Investment revaluation reserve RMB'000	Exchange reserve RMB'000	Share option reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Total RMB'000	Attributable to non-controlling interests RMB'000	Total RMB'000
At 31 December 2018 (audited)	176,865	–	64,153	27,659	217,228	266,497	(115,230)	12,413	7,097	1,092,769	4,422,189	6,171,640	111,658	6,283,298
Effect on acquisition of a subsidiary under common control (note 3)	–	–	40,000	–	–	–	–	–	–	–	(3,869)	36,131	–	36,131
Adoption of HKFRS 16 (note 2)	–	–	–	–	–	–	–	–	–	–	(14,158)	(14,158)	–	(14,158)
At 1 January 2019 (as restated)	176,865	–	104,153	27,659	217,228	266,497	(115,230)	12,413	7,097	1,092,769	4,404,162	6,193,613	111,658	6,305,271
Profit (loss) for the period	–	–	–	–	–	–	–	–	–	–	685,828	685,828	(7,580)	678,248
Other comprehensive income (expense) for the period	–	–	–	–	–	–	26,799	(3,093)	–	–	–	23,706	–	23,706
Total comprehensive income (expense) for the period	–	–	–	–	–	–	26,799	(3,093)	–	–	685,828	709,534	(7,580)	701,954
Fair value change of equity instruments transfer to retained profits upon disposal	–	–	–	–	–	–	(6,318)	–	–	–	6,318	–	–	–
Arising from acquisition under common control (note 3)	–	–	(80,000)	–	–	–	–	–	–	–	–	(80,000)	–	(80,000)
Dividends recognised as distribution (note 11)	–	–	–	–	–	–	–	–	–	–	(268,979)	(268,979)	–	(268,979)
At 30 June 2019 (unaudited)	176,865	–	24,153	27,659	217,228	266,497	(94,749)	9,320	7,097	1,092,769	4,827,329	6,554,168	104,078	6,658,246
At 31 December 2017 (audited and as previously reported)	176,368	(31)	–	27,106	217,228	224,511	(26,373)	4,141	31,628	1,021,871	4,386,095	6,062,544	118,299	6,180,843
Effect on acquisition of a subsidiary under common control (note 3)	–	–	40,000	–	–	–	–	–	–	–	(2,222)	37,778	–	37,778
Adjustments on adoption of HKFRS 9	–	–	–	–	–	–	567	–	–	–	(567)	–	–	–
At 1 January 2018 (as restated)	176,368	(31)	40,000	27,106	217,228	224,511	(25,806)	4,141	31,628	1,021,871	4,383,306	6,100,322	118,299	6,218,621
Profit (loss) for the period (restated)	–	–	–	–	–	–	–	–	–	–	503,393	503,393	(3,206)	500,187
Other comprehensive income (expense) for the period	–	–	–	–	–	41,986	(30,056)	4,128	–	–	–	16,058	–	16,058
Total comprehensive income (expense) for the period	–	–	–	–	–	41,986	(30,056)	4,128	–	–	503,393	519,451	(3,206)	516,245
Shares repurchased and cancelled	(39)	–	–	39	–	–	–	–	–	–	(3,697)	(3,697)	–	(3,697)
Cancellation of treasury shares	(31)	31	–	31	–	–	–	–	–	–	(31)	–	–	–
Exercise of share options	53	–	2,958	–	–	–	–	–	(792)	–	–	2,219	–	2,219
Reversal of equity-settled share-based payments	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfer of share option reserve upon forfeiture of share options	–	–	–	–	–	–	–	–	(1,304)	–	1,304	–	–	–
Fair value change of equity instruments transfer to retained profits upon disposal	–	–	–	–	–	–	15,892	–	–	–	(15,892)	–	–	–
Dividends recognised as distribution (note 11)	–	–	–	–	–	–	–	–	–	–	(504,170)	(504,170)	–	(504,170)
At 30 June 2018 (unaudited and restated)	176,351	–	42,958	27,176	217,228	266,497	(39,970)	8,269	29,532	1,021,871	4,364,213	6,114,125	115,093	6,229,218

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited & restated)
Net cash generated from (used in) operating activities	**24,155**	(69,248)
Investing activities:		
Investments in structured bank deposits	**(35,964,160)**	(30,607,600)
Redemption of structured bank deposits	**35,767,860**	30,413,900
Investments in wealth management products issued by banks	**—**	(1,620,000)
Redemption of wealth management products issued by banks	**300,000**	1,720,000
Placement of restricted cash	**(91,860)**	(85,147)
Withdrawal of restricted cash	**107,157**	116,286
Purchase of:		
– financial assets at fair value through profit or loss	**(77,901)**	(171,800)
– equity instruments at fair value through other comprehensive income	**(18,917)**	(41,040)
Proceeds from disposal of:		
– financial assets at fair value through profit or loss	**55,377**	91,657
– equity instruments at fair value through other comprehensive income	**115,495**	49,402
Purchase of property, plant and equipment	**(232,572)**	(62,831)
Prepayment of acquisition of property, plant and equipment	**—**	(67,982)
Acquisition of a subsidiary	**(80,000)**	—
Proceeds from disposal/partial disposal of interests in associates	**146,610**	9,000
Income received from structured bank deposits	**98,667**	76,598
Income received from wealth management products issued by banks	**233**	14,361
Interest received on bank deposits	**7,897**	10,752
Interest received on loans to third parties and associates	**1,043**	—
Advance to an associate	**(7,369)**	—
Repayments from associates	**30,268**	—
Repayment from a third party	**13,426**	—
Others	**962**	1,073
Net cash generated from (used in) investing activities	**172,216**	(153,371)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited & restated)
Financing activities:		
New bank loans raised	**300,000**	4,025,402
Repayment of bank loans	**(300,000)**	(4,608,165)
Interest paid	**(164,067)**	(141,703)
Dividends paid to owners of the Company	**(268,979)**	(504,170)
Repurchase of shares	—	(3,697)
Proceeds on exercise of share options	—	2,219
Repayments of leases liabilities	**(8,416)**	—
Net cash used in financing activities	**(441,462)**	(1,230,114)
Net decrease in cash and cash equivalents	**(245,091)**	(1,452,733)
Cash and cash equivalents at 1 January	**5,336,773**	5,800,418
Cash and cash equivalents at 30 June, representing bank balances and cash	**5,091,682**	4,347,685

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

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

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

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

Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 *Leases* ("HKAS 17"), and the related interpretations.

2.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 16 Leases *(Continued)*

2.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of equipments that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low-value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 16 Leases *(Continued)*

2.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee *(Continued)*

Right-of-use assets (Continued)

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the condensed consolidated statement of financial position.

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 16 Leases *(Continued)*

2.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee *(Continued)*

Lease liabilities (Continued)

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

As a lessor

Allocation of consideration to components of a contract

Effective on 1 January 2019, the Group applies HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 16 Leases *(Continued)*

2.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessor *(Continued)*

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

2.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 16 Leases *(Continued)*

2.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

I. relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

II. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and

III. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in the PRC was determined on a portfolio basis.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

As at 1 January 2019, the Group recognised additional lease liabilities and measured right-of-use assets at the carrying amounts as if HKFRS 16 had been applied since commencement dates, but discounted using the incremental borrowing rates of the relevant group entities at the date of initial application by applying HKFRS 16.C8(b)(i) transition.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 5.3%.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 16 Leases *(Continued)*

2.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee *(Continued)*

	At 1 January 2019
	RMB' 000
Operating lease commitments disclosed as at 31 December 2018	86,632
Less: Recognition exemption—low value assets	81
Change in allocation basis between lease and non-lease components	4,582
Lease liabilities resulting from lease modifications of existing leases	1,117
Effect from discounting at the incremental borrowing rate as of 1 January 2019	13,509
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 as at 1 January 2019	67,343
Analysed as:	
Current	16,495
Non-current	50,848
	67,343

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 16 Leases *(Continued)*

2.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee *(Continued)*

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Notes	Right-of-use assets
		RMB'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	(a)	60,067
Reclassified from land use rights	(b)	2,115,304
Adjustments on rental deposits at 1 January 2019	(c)	63,911
		2,239,282
By class:		
Land use rights		2,115,304
Buildings		123,978
		2,239,282

(a) Upon the application of HKFRS 16, an amount of RMB60,067,000 representing right-of-use assets relating to operating leases was recognised.

(b) Upfront payments for leasehold lands in the PRC were classified as land use rights as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of the land use rights amounting to RMB57,158,000 and RMB2,058,146,000 respectively were reclassified to right-of-use assets.

(c) Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, RMB63,911,000 was adjusted to refundable rental deposits paid and right-of-use assets.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 16 Leases *(Continued)*

2.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

(d) Before the application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. Accordingly, RMB20,965,000 was adjusted to refundable rental deposits received and advance lease payments.

The following table summarises the impact of transition to HKFRS 16 on retained profits at 1 January 2019.

	Note	**Impact of adopting HKFRS 16 at 1 January 2019**
		RMB' 000
Retained profits		
Recognition of right-of-use assets and lease liabilities	(e)	**(14,158)**

(e) Upon the application of HKFRS 16, the amount of RMB6,882,000 included in retained profits was recognised from the recognition of right-of-use assets and lease liabilities relating to interest in an associate.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 16 Leases *(Continued)*

2.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Notes	Carrying amounts previously reported at 31 December 2018	Adjustments	**Carrying amounts under HKFRS 16 at 1 January 2019**
		RMB'000	RMB'000	**RMB'000**
Non-current Assets				
Right-of-use assets	(a) (b) (c)	—	2,239,282	**2,239,282**
Land use rights	(b)	2,058,146	(2,058,146)	—
Interests in associates	(e)	357,223	(6,882)	**350,341**
Other receivables				
– Rental deposits	(c)	111,638	(63,911)	**47,727**
Current Assets				
Land use rights	(b)	57,158	(57,158)	—
Current Liabilities				
Lease liabilities		—	16,495	**16,495**
Non-current Liabilities				
Lease liabilities		—	50,848	**50,848**
Other payables				
– Rental deposits	(d)	126,933	(20,965)	**105,968**
– Advance lease payments	(d)	—	20,965	**20,965**
Capital and reserves				
Reserves	(e)	6,030,906	(14,158)	**6,016,748**

Note: For the purpose of reporting cash flows generated from operating activities under indirect method for the six months ended 30 June 2019, movements in working capital have been computed based on opening statement of financial position as at 1 January 2019 as disclosed above.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 16 Leases *(Continued)*

2.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

The following tables summarise the impacts of applying HKFRS 16 as a lessor on the Group's condensed consolidated statement of financial position as at 30 June 2019 and its condensed consolidated statement profit or loss and other comprehensive income and cash flows for the current interim period for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the condensed consolidated statement of financial position

	As reported	Adjustments	Amounts without application of HKFRS 16 as a lessor
	RMB'000	RMB'000	RMB'000
Non-current Liabilities			
Other payables			
– Rental deposits	113,953	(21,667)	135,620
– Advance lease payments	22,263	22,263	—
Capital and reserves			
Reserves	6,385,040	(596)	6,385,636

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 16 Leases *(Continued)*

2.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

Impact on the condensed consolidated profit and loss and other comprehensive income

	Notes	As reported	Adjustments	Amounts without application of HKFRS 16 as a lessor
		RMB'000	RMB'000	RMB'000
Revenue	(f)	2,955,357	2,336	2,953,021
Finance costs	(f)	(216,197)	(2,932)	(213,265)
Profit before tax		1,026,575	(596)	1,027,171
Profit for the period		678,248	(596)	678,844
Total comprehensive income for the period		701,954	(596)	702,550

(f) The adjustments relate to reduction in rental income and finance costs of RMB2,336,000 and RMB2,932,000 respectively if the discounting effects for refundable rental deposits were not adjusted.

3. PREPARATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Business combination under common control:

On 10 May 2019, the Group entered into an equity purchase agreement with 南京金鷹國際集團有限公司(Nanjing Golden Eagle International Group Co., Ltd.), an indirect wholly owned subsidiary of GEICO, to acquire 100% equity interests of 徐州金鷹文化發展有限公司(Xuzhou Golden Eagle Cultural Development Co., Ltd.) ("Xuzhou Cultural Development") at cash consideration of RMB80,000,000. Xuzhou Cultural Development is principally engaged in the businesses of property investment, management and development. The acquisition of Xuzhou Cultural Development was completed on 23 May 2019. The consideration paid for the acquisition of Xuzhou Cultural Development are accounted for as distributions to the Group's controlling shareholder, which have been fully settled during the period.

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

Business combination under common control: *(Continued)*

Since GEICO is the ultimate holding company of Xuzhou Cultural Development prior to and after the acquisition, the acquisition involves business combination under common control and has been accounted for using the principles of merger accounting. As a result, the comparative of condensed consolidated statement of profit or loss and other comprehensive income and the condensed consolidated statement of cash flows for the six months ended 30 June 2018 and the condensed consolidated statement of financial position as at 31 December 2018 and 1 January 2018 have therefore been restated, in order to include the results of the combining entity since the date when Xuzhou Cultural Development first come under common control.

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

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Increase in revenue	**368**	140
Increase in other income, gains and losses	**222**	26
Increase in employee benefits expense	**(3,656)**	(3,224)
Increase in depreciation of property, plant and equipment	**(249)**	(255)
Decrease in other expenses	**2,247**	2,429
Increase in finance income	**2**	2
Decrease in income tax expense	**264**	220
Net decrease in profit and total comprehensive income for the period	**(802)**	(662)
Net decrease in profit and total comprehensive income for the period attributable to:		
Owners of the Company	**(802)**	(662)

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

Business combination under common control: *(Continued)*

The effects of adopting merger accounting to account for the acquisition of Xuzhou Cultural Development on the condensed consolidated statement of financial position as at 31 December 2018 and 1 January 2018 are as follows:

	31 December 2018			1 January 2018		
	(Originally stated) RMB'000	Adjustments RMB'000	(Restated) RMB'000	(Originally stated) RMB'000	Adjustments RMB'000	(Restated) RMB'000
Non-current assets						
Property, plant and equipment	8,336,401	394,234	8,730,635	8,733,659	334,117	9,067,776
Land use rights-non-current portion	2,058,146	—	2,058,146	2,150,477	—	2,150,477
Investment properties	2,127,520	—	2,127,520	1,880,520	—	1,880,520
Intangible asset	12,582	—	12,582	13,247	—	13,247
Goodwill	17,664	—	17,664	17,664	—	17,664
Interests in associates	357,223	—	357,223	410,270	—	410,270
Interests in joint ventures	13,577	—	13,577	27,476	—	27,476
Available-for-sale investments	—	—	—	309,920	—	309,920
Equity instruments at fair value through other comprehensive income	172,078	—	172,078	—	—	—
Financial assets at fair value through profit or loss	119,421	—	119,421	—	—	—
Deferred tax assets	103,064	833	103,897	113,273	286	113,559
	13,317,676	395,067	13,712,743	13,656,506	334,403	13,990,909
Current assets						
Inventories	428,119	—	428,119	433,409	—	433,409
Land use rights-current portion	57,158	—	57,158	57,746	—	57,746
Properties under development for sale	1,303,433	—	1,303,433	1,444,051	—	1,444,051
Completed properties for sale	1,051,786	—	1,051,786	1,309,835	—	1,309,835
Trade and other receivables	1,126,856	6,638	1,133,494	1,100,261	3,411	1,103,672
Amounts due from related companies	80,819	(1,969)	78,850	40,647	(474)	40,173
Tax assets	6,883	—	6,883	44,563	—	44,563
Financial assets at fair value through profit or loss	1,020,004	—	1,020,004	—	—	—
Structured bank deposits	—	—	—	717,933	—	717,933
Investments in interest bearing instruments	—	—	—	310,315	—	310,315
Restricted cash	107,157	—	107,157	116,286	—	116,286
Bank balances and cash	5,336,323	450	5,336,773	5,800,326	92	5,800,418
	10,518,538	5,119	10,523,657	11,375,372	3,029	11,378,401

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

Business combination under common control: *(Continued)*

	31 December 2018			1 January 2018		
	(Originally stated) RMB'000	Adjustments RMB'000	(Restated) RMB'000	(Originally stated) RMB'000	Adjustments RMB'000	(Restated) RMB'000
Current liabilities						
Bills, trade and other payables	4,377,695	963	4,378,658	6,445,641	507	6,446,148
Amounts due to related companies	259,837	363,092	622,929	305,690	299,147	604,837
Bank loans	218,666	—	218,666	4,799,852	—	4,799,852
Tax liabilities	529,961	—	529,961	395,166	—	395,166
Prepayments from customers	2,510,436	—	2,510,436	2,301,648	—	2,301,648
Contract liabilities	827,506	—	827,506	—	—	—
Deferred revenue	—	—	—	25,496	—	25,496
PRC medium-term notes	1,497,180	—	1,497,180	—	—	—
	10,221,281	364,055	10,585,336	14,273,493	299,654	14,573,147
Net current assets (liabilities)	297,257	(358,936)	(61,679)	(2,898,121)	(296,625)	(3,194,746)
Total assets less current liabilities	13,614,933	36,131	13,651,064	10,758,385	37,778	10,796,163
Non-current liabilities						
Bank loans	4,051,105	—	4,051,105	—	—	—
Senior notes	2,579,227	—	2,579,227	2,451,306	—	2,451,306
PRC medium-term notes	—	—	—	1,493,850	—	1,493,850
Deferred tax liabilities	701,303	—	701,303	632,386	—	632,386
	7,331,635	—	7,331,635	4,577,542	—	4,577,542
Net assets	6,283,298	36,131	6,319,429	6,180,843	37,778	6,218,621
Capital and reserves						
Share capital	176,865	—	176,865	176,368	—	176,368
Reserves	5,994,775	36,131	6,030,906	5,886,176	37,778	5,923,954
Equity attributable to owners of the Company	6,171,640	36,131	6,207,771	6,062,544	37,778	6,100,322
Non-controlling interests	111,658	—	111,658	118,299	—	118,299
Total equity	6,283,298	36,131	6,319,429	6,180,843	37,778	6,218,621

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

Change in presentation of condensed consolidated statement of financial position:

Certain comparative figures on the condensed consolidated statement of financial position as at 31 December 2018 and 1 January 2018 have been re-classified to conform to the current year presentation.

	31 December 2018			1 January 2018		
	(Originally stated) RMB'000	Reclassification RMB'000	(Restated) RMB'000	(Originally stated) RMB'000	Reclassification RMB'000	(Restated) RMB'000
Non-current assets						
Other receivables	—	111,638	111,638	—	112,529	112,529
Current assets						
Trade and other receivables	1,133,494	(111,638)	1,021,856	1,103,672	(112,529)	991,143
Current liabilities						
Bills, trade and other payables	4,378,658	(126,933)	4,251,725	6,446,148	(117,315)	6,328,833
Non-current liabilities						
Other payables	—	126,933	126,933	—	117,315	117,315

4. REVENUE

An analysis of the Group's revenue for the six months ended 30 June 2019 is as follows:

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited & restated)
Commission income from concessionaire sales	**1,041,456**	1,068,569
Direct sales	**1,169,945**	1,068,064
Sales of properties	**273,081**	225,002
Hotel operations	**14,735**	19,008
Management fees	**19,102**	18,433
Automobile services fees	**11,708**	10,562
Revenue from contracts with customers	**2,530,027**	2,409,638
Rental income	**425,330**	371,495
	2,955,357	2,781,133

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Timing of revenue recognition under HKFRS 15		
A point in time	**2,510,925**	2,391,205
Over time	**19,102**	18,433
Total	**2,530,027**	2,409,638

4. REVENUE *(Continued)*

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

Gross sales proceeds	**Six months ended 30 June**	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited & restated)
Concessionaire sales	**7,037,530**	7,102,754
Direct sales	**1,338,073**	1,241,453
Rental income	**451,168**	397,769
Sales of properties	**281,401**	237,683
Hotel operations	**15,672**	20,270
Management fees	**20,348**	19,620
Automobile services fees	**13,259**	12,163
	9,157,451	9,031,712

5. SEGMENT INFORMATION

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

The Group's operating and reportable segments are as follows:

- Retail operations consists of:
  - Southern Jiangsu Province, including stores at Nanjing, Suzhou, Danyang and Kunshan
  - Northern Jiangsu Province, including stores at Nantong, Yangzhou, Xuzhou, Taizhou, Huai'an, Yancheng and Suqian
  - Western and the other regions of the PRC, including stores at Xi'an, Kunming, Shanghai, Huaibei, Ma'anshan and Wuhu
- Property development and hotel operations
- Other operations represent the total of other operating segments that are individually not reportable

No segment information by geographical area is reviewed by the CODM in respect of the Group's property development and hotel operations as these operations are all carried out in the cities of Wuhu, Nantong and Yangzhou.

5. SEGMENT INFORMATION *(Continued)*

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

	Retail operations						
	Southern Jiangsu Province RMB'000 (unaudited)	Northern Jiangsu Province RMB'000 (unaudited)	Western and the other regions of the PRC RMB'000 (unaudited)	Subtotal RMB'000 (unaudited)	Property development and hotel operations RMB'000 (unaudited)	Other operations RMB'0000 (unaudited)	Total RMB'000 (unaudited)
For the six months ended 30 June 2019							
Gross sales proceeds	3,320,898	4,285,092	1,160,051	8,766,041	309,302	82,108	9,157,451
Segment revenue	1,203,588	1,114,562	297,209	2,615,359	299,406	40,592	2,955,357
Segment results	410,840	507,120	124,806	1,042,766	75,782	(24,179)	1,094,369
Central administration costs and Directors' salaries							(32,551)
Other gains and losses							204,840
Share of loss of associates							(47,065)
Share of loss of joint ventures							(14)
Finance income							23,193
Finance costs							(216,197)
Profit before tax							1,026,575
Income tax expense							(348,327)
Profit for the period							678,248

5. SEGMENT INFORMATION *(Continued)*

	Retail operations						
	Southern Jiangsu Province RMB'000 (unaudited)	Northern Jiangsu Province RMB'000 (unaudited & restated)	Western and the other regions of the PRC RMB'000 (unaudited)	Subtotal RMB'000 (unaudited & restated)	Property development and hotel operations RMB'000 (unaudited)	Other operations RMB'0000 (unaudited)	Total RMB'000 (unaudited & restated)
For the six months ended 30 June 2018							
Gross sales proceeds	3,364,773	4,127,628	1,203,308	8,695,709	270,734	65,269	9,031,712
Segment revenue	1,184,289	1,025,710	282,615	2,492,614	256,132	32,387	2,781,133
Segment results	395,744	476,299	125,780	997,823	74,628	(12,933)	1,059,518
Central administration costs and Directors' salaries							(32,157)
Other gains and losses							236
Share of loss of associates							(9,370)
Share of loss of joint ventures							(2,635)
Finance income							10,752
Finance costs							(205,010)
Profit before tax							821,334
Income tax expense							(321,147)
Profit for the period							500,187

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

6. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2019	2018
	RMB' 000	RMB' 000
	(unaudited)	(unaudited & restated)
Other income		
Income from suppliers and customers	**248,368**	231,921
Government grants	**2,572**	1,895
Others	**2,517**	1,465
	253,457	235,281
Other gains and losses		
Net foreign exchange losses	**(14,105)**	(85,800)
Dividend income from equity investments	**428**	550
Investment income of structured bank deposits	**97,360**	86,130
Investment income of wealth management products issued by banks	**—**	6,145
Fair value change of investment properties	**—**	7,000
Fair value change of financial assets/liabilities at fair value through profit or loss	**4,865**	(3,308)
(Loss) gain on disposal of financial assets at fair value through profit or loss	**(1,528)**	2,534
Gain (loss) on disposal/partial disposal of interests in associates	**116,394**	(654)
Gain on deemed disposal of associates	**1,426**	2,516
Impairment loss in relation to store suspension	**—**	(14,877)
	204,840	236
	458,297	235,517

7. FINANCE INCOME

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited & restated)
Interest income on bank deposits	**11,874**	10,752
Interest income from loans to third parties and associates	**10,008**	—
Interest income from refundable rental deposits paid	**1,311**	—
	23,193	10,752

8. FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest expenses on:		
Bank loans	**122,518**	126,541
Senior notes	**60,488**	57,141
PRC medium-term notes	**31,365**	32,728
Proceeds from pre-sale of properties	**14,423**	31,994
Refundable rental deposits received	**2,932**	—
Lease liabilities	**1,394**	—
	233,120	248,404
Less: amounts capitalised in the cost of qualifying assets		
Properties under development for sale	**(16,923)**	(43,394)
	216,197	205,010

Finance costs capitalised during the six months ended 30 June 2019 are calculated by applying a weighted average capitalisation rate of 5.2% (six months ended 30 June 2018: 5.4%) per annum.

9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited & restated)
PRC Enterprise Income Tax ("EIT"):		
Current period	**254,301**	242,940
Land Appreciation Tax ("LAT")	**15,294**	15,846
(Over) under provision in prior periods	**(2,874)**	555
	266,721	259,341
Deferred tax charge:		
Current period	**81,606**	61,806
	348,327	321,147

Hong Kong Profits Tax has not been provided as the Group had no assessable profit arose in nor derived from Hong Kong for both periods.

Subsidiaries of the Group in the PRC are subject to PRC EIT rate of 25% (six months ended 30 June 2018: 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.

During the interim period, the Group estimated and made provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects, and the LAT determined by the tax authorities might be different from the basis on which the provision for LAT is calculated. The EIT and LAT liabilities are recorded in the "tax payable" of the condensed consolidated financial statements.

10. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited & restated)
Profit for the period has been arrived at after charging:		
Depreciation and amortisation of property, plant and equipment and intangible asset	**186,772**	186,019
Depreciation of right-of-use assets	**38,012**	—
Release of prepaid lease payments on land use rights	**—**	28,513
Less: amounts capitalised	**(1,067)**	(1,067)
	36,945	27,446
Loss on disposal of property, plant and equipment	**348**	319

11. DIVIDENDS

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Dividends recognised as distribution during the period:		
2018 Final dividend of RMB0.16 (2017 Final dividend: RMB0.30) per share	**268,979**	504,170

Subsequent to the end of the interim period, the Directors have resolved that an interim cash dividend of RMB0.118 per share (six months ended 30 June 2018: RMB0.1338 per share), in an estimated aggregate amount of RMB198,170,000 (six months ended 30 June 2018: RMB224,472,000) will be paid to the owners of the Company whose names appear in the Register of Members on 10 September 2019.

12. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited & restated)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**685,828**	503,393

	Six months ended 30 June	
	2019	2018
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,679,406**	1,673,386
Effect of dilutive potential ordinary shares attributable to share options	—	6,608
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,679,406**	1,679,994

Certain outstanding share options of the Company have not been included in the computation of diluted earnings per share as they did not have dilutive effect to the Company's earnings per share during both the six months ended 30 June 2019 and 30 June 2018 because the exercise prices of these options were higher than the average market prices of the Company's shares during both periods.

13. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the interim period, additions to property, plant and equipment amounted to RMB142,128,000 (six months ended 30 June 2018: RMB23,881,000 (restated)) were recorded for construction and renovation of the Group's new stores and amounted to RMB47,422,000 (six months ended 30 June 2018: RMB49,406,000) were recorded for construction, renovation and expansion of the Group's existing stores in order to expand and/or upgrade its operating capabilities.

In the opinion of the Directors, the fair value of the Group's investment properties as at the end of the current interim period does not differ significantly from the fair value as at 31 December 2018 valued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, independent qualified professional valuers not connected to the Group. Consequently, no fair value change has been recognised in the current interim period.

14. TRADE AND OTHER RECEIVABLES

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (restated)
Trade receivables	**109,573**	198,091
Advance to suppliers	**54,819**	51,752
Rental deposits	**52,680**	113,516
Other deposits	**16,852**	16,664
Deposits paid for purchases of goods	**6,194**	7,591
Loans to a third party/third parties (Note)	**112,501**	117,698
Other taxes recoverable	**245,274**	176,732
Other receivables and prepayments	**455,526**	451,450
	1,053,419	1,133,494
Presented as:		
Non-current assets	**50,875**	111,638
Current assets	**1,002,544**	1,021,856
	1,053,419	1,133,494

Note: As at 30 June 2019, the amount represents a short-term loan advanced to an independent third party, which was secured, bearing fixed rate interest of 20% per annum and repayable within 90 days. As at 31 December 2018, the amount also included a loan in the amount of USD2,000,000 (equivalent to RMB13,426,000) advanced to another independent third party which was fully repaid during the current period.

14. TRADE AND OTHER RECEIVABLES *(Continued)*

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

Trade receivables amounted to RMB106,655,000 (31 December 2018: RMB183,793,000) for retail store operations were aged within 15 days from the respective reporting dates and the remaining trade receivables were aged within 90 days from the respective reporting dates.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Non-current		
Unquoted fund investment	**100,000**	100,000
Equity investments	**45,282**	19,421
	145,282	119,421
Current		
Structured bank deposits	**914,764**	719,771
Wealth management products issued by banks	**—**	300,233
	914,764	1,020,004

16. AMOUNTS DUE FROM RELATED COMPANIES

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (restated)
南京金鷹國際實業有限公司 (Nanjing Golden Eagle International Industry Co., Ltd.) (Note 1)	**11,546**	11,285
iP2 Entertainment Holding S.A. (Note 2)	**9,547**	1,718
iP2 Entertainment Holdings IV, Inc. (Note 2)	**7,386**	6,863
南京金鷹國際集團有限公司 (Nanjing Golden Eagle International Group Co., Ltd.) (Note 1)	**7,125**	9,533
昆山金鷹置業有限公司(Kunshan Golden Eagle Properties Co., Ltd.) (Note 1)	**1,533**	1,169
南京金橋市場管理有限公司 (Nanjing Golden Bridge Market Management Co., Ltd.) (Note 1)	**1,250**	3,370
南京仙林金鷹天地科技實業有限公司 (Nanjing Xianlin Golden Eagle Tiandi Technology Industry Co., Ltd.) (Note 1)	**1,120**	5,016
Allied Industrial Corp., Ltd. (Note 2)	**—**	5,409
Whittle School & Studios Holdings, Ltd. (Note 2)	**—**	25,695
Others (Note 1)	**9,400**	8,792
	48,907	78,850

The amount due from Nanjing Golden Eagle International Group Co., Ltd. is related to payments made for acquisition and construction of property, plant and equipment, the amounts due from iP2 Entertainment Holding S.A., iP2 Entertainment Holding IV, Inc. and Allied Industrial Corp., Ltd. represent short-term loans advanced to associates or a subsidiary of an associate of the Group which are secured/guaranteed, bearing fixed rate interest ranging from 6% to 15% per annum and repayable within 90 to 365 days. The remaining amounts represent prepayments made for the Group's operations which are unsecured, interest free and repayable on demand.

Notes:

1. Fellow subsidiaries of the Group.

2. Associates and a subsidiary of an associate of the Group.

17. BILLS, TRADE AND OTHER PAYABLES

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (restated)
Trade payables	**1,710,664**	2,190,582
Bills payables	**76,850**	78,600
Total trade payables	**1,787,514**	2,269,182
Payables for purchase of property, plant and equipment	**623,438**	829,962
Rental deposits	**201,795**	196,563
Accrued expenses	**127,820**	152,862
Suppliers' deposits	**127,139**	139,912
Other taxes payable	**69,481**	121,070
Interest payable	**60,352**	30,762
Accrued salaries and welfare expenses	**28,064**	54,476
Advance lease payments	**22,263**	—
Other payables	**551,517**	583,869
	3,599,383	4,378,658
Presented as:		
Non-current liabilities	**136,216**	126,933
Current liabilities	**3,463,167**	4,251,725
	3,599,383	4,378,658

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

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (restated)
0 to 30 days	**1,239,997**	1,701,840
31 to 60 days	**134,300**	222,584
61 to 90 days	**74,441**	107,599
Over 90 days	**338,776**	237,159
	1,787,514	2,269,182

18. AMOUNTS DUE TO RELATED COMPANIES

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (restated)
南京金鷹工程建設有限公司 (Nanjing Golden Eagle Construction Work Co., Ltd.) (Note 1)	**129,649**	126,269
南京金鷹國際集團有限公司 (Nanjing Golden Eagle International Group Co., Ltd.) (Note 1)	**61,470**	426,306
昆山金鷹置業有限公司(Kunshan Golden Eagle Properties Co., Ltd.) (Note 1)	**56,287**	56,287
南京建鄴金鷹置業有限公司 (Nanjing Jianye Golden Eagle Properties Co., Ltd.) (Note 1)	**20,555**	5,632
南京江寧金鷹科技實業有限公司 (Nanjing Jiangning Golden Eagle Technology Industry Co., Ltd.) (Note 1)	**15,764**	—
鹽城金鷹科技實業有限公司 (Yancheng Golden Eagle Technology Industry Co., Ltd.) (Note 1)	**9,157**	790
南京仙林金鷹天地科技實業有限公司 (Nanjing Xianlin Golden Eagle Tiandi Technology Industry Co., Ltd.) (Note 1)	**6,575**	2,614
吉林正業集團有限責任公司(Jilin Zhengye Group Ltd.) (Note 2)	—	1,947
Others (Note 1)	**25,187**	3,084
	324,644	622,929

The amounts due to Nanjing Golden Eagle Construction Work Co., Ltd., Nanjing Golden Eagle International Group Co., Ltd. and Kunshan Golden Eagle Properties Co., Ltd. are related to acquisition and construction of property, plant and equipment. The remaining amounts represent trade payables to related companies which aged with 60 days. All these amounts are unsecured, interest free and repayable on demand.

Notes:

1. Fellow subsidiaries of the Group.

2. Non-controlling shareholder of the Group.

19. CONTRACT LIABILITIES

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Deposits and prepayments received from pre-sale of properties	**620,936**	802,305
Deferred revenue arising from the Group's customer loyalty programme	**42,449**	25,201
	663,385	827,506

20. SHARE CAPITAL

	Number of shares	**Share capital** HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 January 2018, 30 June 2018, 1 January 2019 and 30 June 2019	5,000,000,000	500,000
Issued and fully paid:		
At 1 January 2018 (audited)	1,673,820,000	167,382
Shares repurchased and cancelled	(468,000)	(47)
Cancellation of treasury shares	(366,000)	(37)
Exercise of share options	659,000	66
At 30 June 2018 (unaudited)	1,673,645,000	167,364
At 1 January 2019 (audited) and 30 June 2019 (unaudited)	1,679,406,000	167,941
		RMB'000
Shown in the condensed consolidated financial statements:		
At 30 June 2019 (unaudited)		176,865
At 30 June 2018 (unaudited)		176,351

20. SHARE CAPITAL *(Continued)*

During the six months ended 30 June 2018, pursuant to the general mandate given to the Directors, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	No. of ordinary shares of HK$0.10 each of the Company	Price per share Highest	Price per share Lowest	Aggregate consideration paid	
		HK$	HK$	HK$'000	RMB equivalent'000
For the six months ended 30 June 2018:					
– January 2018	468,000	9.90	9.38	4,477	3,697

During the six months ended 30 June 2018, a total of 468,000 shares were repurchased and a total of 834,000 shares were cancelled.

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

Certain of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset that are not based on observable market data (unobservable inputs).

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

Financial assets	Fair value as at 30 June 2019 RMB'000	31 December 2018 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)
Listed equity securities at fair value through other comprehensive income	**104,260**	172,078	Level 1	Quoted prices in active markets
Listed equity securities at fair value through profit or loss ("FVTPL")	**45,282**	19,421	Level 1	Quoted prices in active markets
Structured bank deposits	**914,764**	719,771	Level 2	Discounted cash flow – future cash flows are estimated based on expected applicable yield of the underlying investment portfolio and adjustments of related expenses, discounted at a rate that reflects the credit risk of various counterparties.
Wealth management products issued by banks	—	300,233	Level 2	Discounted cash flow – future cash flows are estimated based on expected applicable yield of the underlying investment portfolio and adjustments of related expenses, discounted at a rate that reflects the credit risk of various counterparties.
Unquoted fund investment at FVTPL	**100,000**	100,000	Level 2	Fair value of underlying investment is determined on recent transaction price.

There were no transfers between Level 1, 2 and 3 during both period. The Directors consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost recognised in the condensed consolidated financial statements approximate their fair values.

22. CAPITAL COMMITMENTS

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (restated)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– acquisition of property, plant and equipment	**171,220**	153,409
– acquisition of an associate	**25,000**	25,000
	196,220	178,409
Other commitments:		
– construction of properties under development (Note)	**400,182**	90,811

Note: Included in the balance is RMB41,304,000 (31 December 2018: RMB656,000) capital expenditure contracted for with fellow subsidiaries of the Group.

23. FINANCIAL GUARANTEE

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Guarantee in respect of mortgage facilities for certain purchasers	**106,272**	182,102

The Group has cooperation relationship with certain financial institutions which arranged mortgage loan facilities for its property purchasers and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees will be released by banks upon the issuance of the real estate ownership certificate to the purchasers or the satisfaction of mortgaged loan by the property purchasers, whichever is earlier. In the opinion of the Directors, the fair value of the financial guarantee contracts is insignificant.

24. PLEDGE OF ASSETS

At the end of the reporting period, the Group has pledged the equity interests of certain of its subsidiaries and created fixed and floating charges over the assets of these subsidiaries to secure the syndicated loan granted to the Group. Assets with the following carrying amounts have been pledged to secure the syndicated loan:

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Equity instruments at fair value through other comprehensive income	**52,562**	53,952
Restricted cash	**54,752**	55,819
	107,314	109,771

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

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Restricted cash	**36,646**	49,489

25. RELATED PARTY TRANSACTIONS

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

a) Transactions

Relationship with related companies	Nature of transactions	Six months ended 30 June 2019 RMB' 000 (unaudited)	2018 RMB' 000 (unaudited & restated)
Fellow subsidiaries	Property and ancillary facilities rentals paid	**136,984**	127,353
	Property management fee paid	**59,145**	69,287
	Project management service fee paid	—	9,515
	Carpark management service fee paid	**412**	286
	Decoration service fee paid	**3,419**	—
	Management fee received	**15,355**	14,686
	Carpark rental income received	**1,919**	1,544
Associates	Purchase of merchandise	—	8,158
	Interest income	**1,130**	—

b) Compensation of key management personnel

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

	Six months ended 30 June 2019 RMB' 000 (unaudited)	2018 RMB' 000 (unaudited)
Salaries and other benefits	**3,334**	2,257
Retirement benefits schemes contributions	**311**	182
Equity-settled share-based payments	—	82
	3,645	2,521

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF GOLDEN EAGLE RETAIL GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Golden Eagle Retail Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 8 to 51, which comprise the condensed consolidated statement of financial position as of 30 June 2019 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
20 August 2019

BUSINESS REVIEW

Industry Overview

In the first half of 2019, China's economy was facing a tightened external setting under the influence of the macro environment. Domestic policies and market environment tended to be favorable, with GDP reaching RMB45.1 trillion, representing a year-on-year increase of 6.3%. National economic performance maintained a steady momentum of development while securing progress. In the region of Jiangsu Province where the Group has already established a leading position in the market, major economic indicators such as provincial GDP, total retail sales of consumer goods and urban disposable income per capita took the lead across the country in 2019.

For the development of retail industry, the effective implementation of the government's policy on tax cut, fee reduction and promotion of consumption created a favorable market environment. The industry became more rational towards new retail and exploration of innovation. Under the backdrop of digital economy era with a focus on providing new experiences and services for consumers, retail market competition has extended to "ecological competition", characterised by the synchronisation of all online and offline channels, all-round shopping environment, all classes of customers and all relevant sectors of industry.

Operation Management and Corporate Development

In the first half of 2019, the Group sustained improvement in its overall operation performance and quality by focusing on its core business with efforts and meticulosity to fully tap the growth potentials of its quality merchandise resources, as well as strengthening its creative promotional activities. Through the endeavours of the Group and its staff, the Group's customer traffic[(1)] grew by 7.6% year-on-year to 92.1 million visits in the first half of 2019, realising a 1.4% year-on-year growth of gross sales proceeds ("GSP") to RMB9,157.5 million. EBITDA increased by 3.6% year-on-year to RMB1,285.5 million while operating profit reached RMB1,061.8 million, representing a growth of 3.4%.

Following the trend of consumption upgrade, the Group leveraged its core competitiveness of merchandise resources to expedite the brand adjustments and introductions. In response to the demand for high-quality lifestyle among middle-class families and young stylish customers, the Group has continued to introduce and accumulated more than 10,000 brands, including international renowned brands and domestic distinctive brands, to create a strong and extensive base of brand resources. The Group focused on continuous adjustments and upgrades of the brand portfolio of its core and new stores to maintain an annual brand adjustment rate of 30% to 50% in order to bring dynamic to store's merchandise offerings.

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

The Group's mature stores, represented by Xuzhou Store, Yangzhou Store and Yancheng Store, placed high emphasis on brands debut merchandising in the first half of 2019. They continued to accelerate the introduction of benchmarking brands and rejuvenate their merchandise through the introduction of new trendy and fashionable brands. The Group's strategy of store dislocation within the same city has further highlighted its advantages of merchandise and marketing resources to position the Group as "No.1 Shopping Hotspot" in the region. Xuzhou Store introduced 8 high-end skincare brands including La Prairie and Clé de Peau Beauté in the first half of the year, achieving 29.3% year-on-year growth of GSP to RMB190.9 million for its cosmetics merchandise. The number of new customers from the post-90s generation grew by 14.3% year-on-year while those from the post-00s generation grew by 27.3% year-on-year. Leveraging on long-term cultivation of 50 benchmarking brands, these brands realised 23.1% year-on-year growth of GSP to RMB380.0 million at Yancheng Store in the first half of the year.

To enhance customers' shopping experience, the Group has commenced major store revamp of Nanjing Xinjiekou Store Block A since early June 2019, which is expected to be completed in December 2019. Commencing the store revamp ahead of its original schedule in July 2019 was due to an outbreak of fire at the hotel segment on the 9th floor of Nanjing Golden Eagle Center Tower A (which is not part of the Group and was closed for renovation) on 24 May 2019. The operation of Nanjing Xinjiekou Store had been suspended since 25 May 2019. Nanjing Xinjiekou Store Block B resumed operation on 2 June 2019. Benchmarking brands in Block A, which contributed to 75% of Block A's GSP in the year of 2018, were relocated to Block B and the majority of them resumed their operation in Block B prior to the end of June 2019. The fire incident has a limited impact on the Group's operation.

Riding on the growing consumption power of the new generation in China, the Group has proactively tapped on innovative and trendy amenities to create fun and enjoyable consumer experience to attract consumers from the post-00s generation. In the first half of 2019, Nanjing Golden Eagle World introduced various IP exhibitions, including "Sober Animals" – an exhibition with immersive themed experience; "Diary of Little Bug's City Journey" – a large scale insect exhibition; and "Teddy Show Centennial" – an art exhibition of Teddy Bear, etc., driving more than 170,000 visits during the exhibition period. Kunshan Store introduced the "Museum of Broken Relationships" – the first commercial themed exhibition in the region to cultivate future customer base by attracting young consumers to take photos and comment on social media platforms. Leveraging on "520 Graduation Exhibition" of Nanjing University of Arts, Nanjing Golden Eagle World presented close-range experience of art for customers to broaden its middle-class customers base.

The Group has established competition thresholds through self-customised festivals to achieve a breakthrough among the competitive price war in the industry and promote incremental growth. With its outdoor plaza and abundant lakeside landscape resources, Nanjing Xianlin Store organised a "Metao Music Festival" in the first half of the year to attract a large number of young customers. In the first half of the year, the festival drove more than 150,000 visits on a single day, representing a year-on-year increase of 50.5%. Celebrating its 4th anniversary with more than 30 representative boutique coffee brands from Shanghai and Nanjing, Nanjing Jiangning Store achieved an outstanding GSP of more than RMB40.0 million in 4 days, representing a year-on-year increase of 16.0% with 100,000 visits for single-day.

With the development of "Smart Golden Eagle", the Group's stores have actively created and operated self-media platforms and featured online communities to establish highly loyal and active online visits. It served as a more accurate and high-quality foundation for potentially translating those online visits to foot traffic and consumption. As at 30 June 2019, mobile phone application of the Group "goodee mobile App (掌上金鷹)" (the "App") has registered over 7.5 million downloads of which 2.6 million VIP customers connected their VIP membership cards with the App. Daily average gross merchandise volume (GMV) increased to approximately RMB1.6 million, representing a year-on-year increase of more than 25% with an average of 50,000 active daily users.

Outlook

In the second half of 2019, the global economy is expected to demonstrate a softened momentum in its growth under external uncertainties. China is expected to place further efforts to invigorate its domestic market and boost its internal economic drivers, continue with the enhancement of structural reform from the supply end, implement innovation-driven development strategy, improve the business environment and implement larger-scale tax cuts and fee reduction to decisively promote a healthy economic development. There is a considerable potential for consumption among the China's sizable and fast-growing middle-class customers base. The management remains optimistic about China's retail market development in the future.

For the development of retail industry, the application of new technologies such as 5G, artificial intelligence and mobile internet serves as a catalyst for the innovation and development of the retail industry. It has resulted in market competition featuring consumer experience, data-driven innovation, pan-retail expansion and accelerated integration of online and offline channels. The Group will continue to develop business at a steady pace in a flexible manner. Focusing on investment in areas of consumption upgrade, the Group will continue to reinforce its market leadership and presence by establishing comprehensive lifestyle centers with potential for the Group's long-term competitive strengths and business growth. Leveraging big data and AI technology, the Group will proactively push forward digital upgrades to reduce operating costs and improve operational efficiency, thereby providing customers with enhanced shopping experience.

The Group's Nanjing Golden Eagle World will be fully launched in the second half of 2019. Nanjing Xinjiekou Store Block A and Xuzhou Golden Eagle Phase Two will also commence operation to further consolidate and enhance the Group's leading market position in Jiangsu Province.

- An initiative worth mentioning is Golden Eagle World, the Group's new comprehensive lifestyle flagship. As a new commercial landmark in eastern China and nationwide, Golden Eagle World has maintained growth momentum for both its operating performance and foot traffic since its opening in November 2017. It has continued to adjust and introduce featured brands. As of 31 July 2019, its adjusted area ratio reached 43% with 57 new brands introduced. The 8,000 square meter self-operated "G·Zoo Park" was launched at Golden Eagle World in July 2019. The luxury hotel "G·Hotel" is expected to have its soft launch at Block A in the third quarter this year, followed by launches of a number of multi-function amenities, including Golden Eagle Health and Medical Care Center, WeWork Coworking and Office Space and a number of international finance headquarters in the coming year. Furthermore, launches of experiential commercial amenities including internationally renowned NBA-themed indoor amusement park NBA Playzone are expected to attract more VIP members targeting middle-class families and young stylish customers to support the Group's sustainable development.

– Nanjing Xinjiekou Store Block A is expected to complete its store revamp and re-launch in the second half of 2019. Conveniently connected with the subway, the store boasts its aesthetic and stylish interior design with optimized traffic flow to create a comfortable shopping space. Placing higher emphasis on strengthening brands introduction with in-store debuts, Nanjing Xinjiekou Store Block A will continue to upgrade the sports and fashionable brands to further enhance its retail brand portfolio. Brands to be introduced include North Face Black Label One Box Store, Nike Store being upgraded to Nike Beacon 750 Store, Adidas Store being upgraded to Adidas Mega L1 Store, and Adidas Originals Store being upgraded to Adidas Fashion Store to cater to the consumption preferences of young customers. Targeting family customers, Nanjing Xinjiekou Store Block B will integrate entertainment, catering and lifestyle facilities to meet the needs of household consumption among the middle-class and maintain its landmark status in the core business district of Xinjiekou.

– The Group's Xuzhou Store Phase Two is scheduled to be opened in the third quarter of this year. Located at the core business district of Gupeng Square in Xuzhou city center, the commercial project is conveniently connected with the interchange station of Metro Line 1 and Line 2. Spanning a gross floor area of 51,041 square meters, the project expects to introduce a number of flagships of trendy brands, particularly those being KOL hotspots with debut in Northern Jiangsu, such as HEYTEA, Starbucks Reserve Store, Huawei Plus Flagship Store and Nike KL L1 Flagship Store. The project will also introduce trendy brands and experiential amenities including high-end fashion brands, designer fashion and specialty restaurants, etc. to adapt the consumption preferences of young customers. The opening of Xuzhou Store Phase Two is expected to create synergy with the Group's Xuzhou Store Phase One, a boutique shopping center which has been a mature store for years, to position themselves as a landmark comprehensive lifestyle center in Xuzhou.

FINANCIAL REVIEW

GSP and revenue

During the six months ended 30 June 2019, GSP of the Group increased to RMB9,157.5 million, representing a year-on-year growth of 1.4% or RMB125.7 million. The increase was mainly attributable to a year-on-year increase of 0.8% in same-store sales growth ("SSSG")[2]. The SSSG would have been 3.0% if Nanjing Xinjiekou Store's GSP are excluded from SSSG calculation.

The nine new lifestyle centers opened since September 2014, namely Yancheng Julonghu Store, Nantong Lifestyle Center, Danyang Store, Kunshan Store, Jiangning Store, Ma'anshan Store, Suzhou Gaoxin Lifestyle Center, Golden Eagle World and Yangzhou New City Center generated GSP in an aggregate sum of RMB1,983.2 million (1H2018: RMB1,804.0 million) which contributed 21.7% (1H2018: 20.0%) of the Group's total GSP during the period under review.

[2] Same-store sales growth represents change in total gross sales proceeds for retail chain stores having operations throughout the comparable period.

On the other hand, Nanjing Xinjiekou Store recorded a negative SSSG of 10.4% and its GSP contribution to the Group's total GSP reduced from 16.1% in the first half of 2018 to 14.2% during the period under review. The Group has commenced major store revamp of Nanjing Xinjiekou Store Block A since early June 2019, and it is expected to be completed in December 2019. Block A's benchmarking brands (which contributed 75% of Block A's GSP in the year the 2018) were relocated to Block B and majority of them resumed their operation in Block B prior to end of June 2019. In the night of 24 May 2019, there was an outbreak of fire at the hotel segment on the 9th floor of Nanjing Golden Eagle Center Tower A (which is not part of the Group and was closed for renovation). Tower A is also where Nanjing Xinjiekou Store Block A is located. Based on the information available to the Group, the Group believes that the fire was due to violation of certain regulation on the part of the construction contractor. The fire services authority swiftly responded and effectively controlled the situation and there were no casualties in the incident. The store and the in-store inventory were covered by insurance, while compensation will also be received from the construction contractor. The fire incident has a limited impact on the Group's operation.

The operation of Nanjing Xinjiekou Store was suspended from 25 May 2019 to 1 June 2019. On 2 June 2019, Nanjing Xinjiekou Store Block B resumed operation. The Group has immediately commenced the major store revamp of Block A which was originally scheduled in July 2019. The management anticipates that the store revamp will temporarily affect Nanjing Xinjiekou Store's operating performance in the second half of 2019. Nevertheless, the management believes that the store revamp is necessary to solidify the sustainable growth of this 23 years-old Nanjing flagship store in the long run.

During the six months ended 30 June 2019, concessionaire sales contributed 76.9% (1H2018: 78.6%) of the Group's GSP, representing a decrease of 0.9% to RMB7,037.5 million from RMB7,102.8 million in the same period of 2018, while direct sales contributed 14.6% (1H2018: 13.8%) of the Group's GSP, representing an increase of 7.8% to RMB1,338.1 million, from RMB1,241.5 million in the same period of 2018. Rental income contributed 4.9% (1H2018: 4.4%) of the Group's GSP, representing an increase of 13.4% to RMB451.2 million in the first six months of 2019 from RMB397.8 million (restated) in the same period of 2018. Sales of properties contributed 3.1% (1H2018: 2.6%) of the Group's GSP for the first six months of 2019, representing an increase of 18.4% to RMB281.4 million from RMB237.7 million in the first half of 2018. Other income contributed the remaining 0.5% (1H2018: 0.6%) of the Group's GSP, representing a decrease of 5.3% to RMB49.3 million for the first six months of 2019 from RMB52.0 million for the same period of 2018.

Commission rate from concessionaire sales decreased to 17.0% (1H2018: 17.6%) while gross profit margin from direct sales decreased to 12.2% (1H2018: 16.1%), resulting in a decrease in the overall gross profit margin from concessionaire sales and direct sales to 16.2% (1H2018: 17.4%). It was mainly due to the net effects of (i) the Group's continuous efforts to raise sales productivity with reasonable profit margin; (ii) the increase in sales contribution from younger stores which carry lower commission rates as compared to mature stores like Nanjing Xinjiekou Store; (iii) the decrease in Nanjing Xinjiekou Store's GSP contribution during the period under review which affected the overall concessionaire sales margin by approximately 0.2%; and (iv) an one-off inventory clearance sales during the period from November 2018 to May 2019 to clear the Group's aged inventories which affected the direct sales margin by 3.8% for the period under review.

A breakdown of GSP from concessionaire sales and direct sales by category shows that sales of apparel and accessories contributed 45.0% (1H2018: 46.3%) of the GSP; sales of gold, jewellery and timepieces contributed 17.6% (1H2018: 17.7%); sales of cosmetics contributed 13.1% (1H2018: 11.9%); sales of outdoor, sports clothing and accessories contributed 9.4% (1H2018: 8.6%) and sales of other products such as electronics and appliances, tobacco and wine, household and handicrafts, supermarket, children's wears and toys contributed the remaining 14.9% (1H2018: 15.5%) of the GSP.

As at 30 June 2019, the Group's completed properties for sale and properties under development for sale amounted to RMB1,002.6 million (31 December 2018: RMB1,051.8 million) and RMB1,211.8 million (31 December 2018: RMB1,303.4 million) respectively. Completed properties for sale refers to the Group's Riverside Century Plaza Project with total salable office and residential GFA of approximately 77,930.2 square meters as at 30 June 2019 (31 December 2018: 84,935.4 square meters), while properties under development for sale refers mainly to the Group's Yangzhou New City Center Project with estimated total salable commercial and residential GFA of approximately 151,077.3 square meters (31 December 2018: 166,830.0 square meters) and salable car parking spaces with GFA of approximately 25,284.4 square meters (31 December 2018: 34,056.1 square meters) as at 30 June 2019. The Group commenced pre-sale of the units in phase one of Yangzhou New City Center Project since 2016 and these units were completed and delivered to customers in the second half of 2018 and the first half of 2019. The Group has commenced pre-sale of the units in phase two, which is also the last phase of Yangzhou New City Center Project, since September 2017.

Sales of properties amounted to RMB281.4 million (1H2018: RMB237.7 million) with a total GFA of 31,529.6 square meters (1H2018: 19,805.8 square meters) being sold during the period under review. The sales were mainly contributed by the sales of properties of the Group's Yangzhou New City Center Project that amounted to RMB194.0 million (1H2018: nil) and of Riverside Century Plaza Project located in Wuhu City, Anhui Province (being one of the projects acquired by the Group in 2015) that amounted to RMB87.4 million (1H2018: RMB237.7 million). Gross profit margin of the sales of properties during the period under review was 32.2% (1H2018: 36.9%). The decrease was mainly due to the increase in sales of car parking spaces during the period under review which carried lower gross profit margin than residential property sales, and the recognition of the financing component of Yangzhou New City Center Project's pre-sales proceeds received in previous years as part of the cost of properties sold.

The Group's total revenue amounted to RMB2,955.4 million, representing an increase of 6.3% from the same period last year. The increase in revenue was generally in line with the increase in GSP and improvement in overall profit margin.

Other income, gains and losses

Other income, gains and losses were mainly comprised of (i) various miscellaneous income from suppliers and customers; (ii) net foreign exchange gain and loss resulting from the translation of foreign currencies denominated assets and liabilities into RMB; (iii) the gains and losses and dividend income derived from the Group's investments in securities; and (iv) the changes in the fair value of the Group's investment properties.

The net amount of other income, gains and losses increased by RMB222.8 million to RMB458.3 million for the six months ended 30 June 2019 from RMB235.5 million in the same period of 2018. Such increase was primarily due to (i) the decrease in net foreign exchange loss of RMB71.7 million from RMB85.8 million for the six months ended 30 June 2018 to RMB14.1 million for the six months ended 30 June 2019; (ii) the gain on disposal/partial disposal of the Group's interests in associates of RMB116.4 million (1H2018: a loss of RMB0.7 million); and (iii) the decrease in impairment loss recognised in relation to store suspension of RMB14.9 million.

Changes in inventories of merchandise and cost of properties sold

Changes in inventories of merchandise and cost of properties sold represented the cost of goods sold under the direct sales business model and the cost of properties sold. Changes in inventories of merchandise and cost of properties sold increased by RMB174.0 million or 16.7% year-on-year to RMB1,215.9 million for the six months ended 30 June 2019. Such increase was generally in line with the increase in direct sales and sales of properties.

Employee benefits expense

Employee benefits expense decreased by RMB5.9 million or 3.1% year-on-year to RMB183.0 million for the six months ended 30 June 2019. Such decrease was primarily attributable to the net effects of: (i) the continuous efforts to streamline the roles and functions at all levels; and (ii) the continuous investment in human resources for the implementation and development of the Group's "comprehensive lifestyle concept" and "interactive retail platform".

Employee benefits expense as a percentage of GSP decreased by 0.1 percentage point to 2.3% from 2.4% in the same period last year.

Depreciation and amortisation

Depreciation and amortisation of property, plant and equipment, intangible asset and right-of-use assets/release of prepaid lease payments on land use rights increased by RMB10.3 million or 4.8% year-on-year to RMB223.7 million for the six months ended 30 June 2019.

Depreciation and amortisation expenses as a percentage of GSP increased by 0.1 percentage point to 2.8% from 2.7% in the same period last year.

Rental expenses

Rental expenses increased by RMB6.8 million or 4.5% year-on-year to RMB159.5 million for the six months ended 30 June 2019. The increase was because the Group's rental arrangements were mainly pegged to the sales of the respective stores and the increase in rental expenses during the period under review was mainly attributable to the increase in sales contribution from stores such as Shanghai Store, Yangzhou Jinghua Store, Yancheng Julonghu Store, Jiangning Store and Ma'anshan Store.

Rental expenses as a percentage of GSP remained stable at 2.0%.

Other expenses

Other expenses decreased by RMB27.2 million or 6.9% year-on-year to RMB364.9 million for the six months ended 30 June 2019. Other expenses mainly included expenses for water and electricity, expenditure on advertising and promotional activities, costs for repair and maintenance and fees for property management. The decrease was primarily attributable to the consistent and disciplined approach of the Group's management towards to cost control during the period under review. Expenses on water and electricity decreased by RMB11.8 million or 10.7% year-on-year to RMB98.4 million during the period under review, whereas fees for property management decreased by RMB10.3 million or 13.2% year-on-year to RMB67.2 million.

Other expenses as a percentage of GSP decreased by 0.6 percentage point to 4.5% from 5.1% in the same period last year.

Share of losses of associates and joint ventures

Share of losses of associates and joint ventures mainly represented the Group's share of financial results of its 10.0%-owned (31 December 2018: 10.0%-owned) associate, Whittle School & Studios Holdings, Ltd. ("Whittle") and 20.0%-owned (31 December 2018: 20.0%-owned) associate, iP2 Entertainment Holdings S.A. ("iP2").

Whittle is principally engaged in the development and operation of global private schools for students with age ranging from 3 to 18. Whittle will open its first two schools in September 2019. The net loss attributable to the Group amounted to RMB42.5 million (1H2018: RMB11.5 million) during the period under review.

iP2 is a leading indoor amusement park developer from the Netherlands and is dedicated to building innovative theme parks for children featuring world-famous IPs and media-based technology. iP2 has successfully launched 3 indoor theme parks with 10 indoor theme parks under preparation worldwide. The net loss attributable to the Group amounted to RMB7.6 million (1H2018: nil) during the period under review.

Finance income

Finance income was mainly generated from bank deposits and various short-term bank related deposits placed by the Group in banks when the Group has surplus capital. Finance income increased by RMB12.4 million or 1.2 times year-on-year to RMB23.2 million for the six months ended 30 June 2019 which was mainly due to the increase in interest income from loans to third parties and associates by RMB10.0 million during the period under review.

Finance costs

Finance costs were comprised of interest expenses for the Group's bank loans, senior notes and PRC medium-term notes. Finance costs increased by RMB11.2 million or 5.5% year-on-year to RMB216.2 million for the six months ended 30 June 2019. Such increase was primarily due to the net effects of: (i) the increase in interest rates and the depreciation of RMB against Hong Kong dollar ("HK$") and United States dollar ("USD") during the period under review; and (ii) the decrease in the averaged borrowings compared with those in the same period last year.

Income tax expense

Income tax expense of the Group increased by RMB27.2 million or 8.5% year-on-year to RMB348.3 million. Effective tax rate for the period under review was 33.9% (1H2018: 39.1% (restated)). The year-on-year decrease of 5.2 percentage points in effective tax rate was mainly due to the decrease in offshore non-deductible expenses, namely net foreign exchange loss.

Profit for the period

Owing to the increase in profit from operations and non-operating income, profit for the period increased by RMB178.1 million or 35.6% year-on-year to RMB678.2 million. Net profit margin which measured net profit as a percentage of GSP was 8.4% (1H2018: 6.4% (restated)) for the six months ended 30 June 2019.

Profit from operations (net profit before interest, tax and other income and losses) increased by RMB34.4 million or 3.4% year-on-year to RMB1,061.8 million (1H2018: RMB1,027.4 million (restated)), while profit from operations before depreciation and amortisation (net profit before depreciation, amortisation, interest, tax and other income and losses) increased by RMB44.7 million or 3.6% year-on-year to RMB1,285.5 million (1H2018: RMB1,240.8 million (restated)).

Profit from retail operations before depreciation and amortisation (net profit before depreciation, amortisation, interest, tax and other income and losses and excluding profit from property sales and hotel operations) increased by RMB43.7 million or 3.8% year-on-year to RMB1,200.0 million (1H2018: RMB1,156.3 million (restated)) and would have been increased by RMB83.6 million or 9.4% year-on-year if Nanjing Xinjiekou Store is excluded from the calculation.

As at 30 June 2019, the aggregate net operating losses generated by 3 (1H2018:5) loss-making stores amounted to RMB18.2 million (1H2018: RMB19.9 million). Among these stores, one of them commenced its operation in 2017.

Capital expenditure

Capital expenditure of the Group for the six months ended 30 June 2019 amounted to RMB232.6 million (1H2018: RMB130.8 million (restated)). The amount was mainly comprised of contractual payments made for acquisition of property, plant and equipment, construction of chain store projects on greenfield sites and the upgrade and/ or expansion of the Group's existing retail spaces in order to enhance the shopping environment and the Group's competitiveness in its local markets.

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

As at 30 June 2019, the interests and short positions of the Directors, the chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

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

Name of Director/Chief Executive	Personal Interests	Corporate Interests	Total Interests	Total interests as percentage of the issued share capital
Mr. Wang Hung, Roger	4,000,000	1,245,674,000 (Note)	1,249,674,000	74.41%
Ms. Wang Janice S.Y.	1,590,000	1,245,674,000 (Note)	1,247,264,000	74.27%

Note: The corporate interests disclosed under Mr. Wang and Ms. Wang represent their deemed interests in the Shares by virtue of their family trust's interest in GEICO Holdings Limited, which in turn is interested in the entire issued share capital of Golden Eagle International Retail Group Limited, the beneficial owner of the 1,245,674,000 Shares. Mr. Wang is the trustee while Ms. Wang is one of the beneficiaries of the trust.

Save as disclosed above, as at 30 June 2019, none of the Directors, chief executive nor their associates had an interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations required to be disclosed under the SFO or the Model Code.

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

As at 30 June 2019, 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	1,245,674,000	74.17%
Golden Eagle International Retail Group Limited (Note)	Beneficial owner	1,245,674,000	74.17%
ICFI HK (U.S.A.) Investments, LLC	Beneficial owner	119,232,588	7.10%

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. Mr. Wang is the trustee while Ms. Wang is one of the beneficiaries of the trust.

Save as disclosed above, as at 30 June 2019, the Company had not been notified of any other relevant interests or short positions in the issued share capital of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

Pursuant to the Company's share option scheme approved by written resolutions of the sole shareholder of the Company on 26 February 2006 (the "Scheme"), the Board may grant options to any full-time or part-time employees, directors, 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 HK$1.0 for each lot of share options granted for the primary purpose of providing incentives to directors and eligible employees, consultants and advisors. The Scheme remained effective for a period of ten years commencing from 26 February 2006 and had expired on 25 February 2016. No new option was granted under the Scheme thereafter, provided that the terms of the Scheme will remain effective on those options which are outstanding but not yet lapsed, forfeited or exercised.

During the six months ended 30 June 2019, no share options were exercised nor forfeited. As at 30 June 2019, there were a total of 1,500,000 Shares available for issue pursuant to options that were granted under the Scheme, representing approximately 0.09% 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 period and outstanding as at 30 June 2019 were as follows:

	Number of share options outstanding at 1 January 2019 and at 30 June 2019	Date of Grant	Exercise period (Note)	Exercise price HK$	Price of the Company's Share immediately before the grant date HK$
Key management	600,000	20 October 2010	20 October 2011 to 19 October 2020	19.95	20.00
Other employees	900,000	20 October 2010	20 October 2011 to 19 October 2020	19.95	20.00
Total and exercisable at 30 June 2019	1,500,000				

Note: The vesting period of the share options is from the date of grant until the commencement of the exercise period.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

STATUS OF CONNECTED TRANSACTIONS PENDING COMPLETION

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

Xinjiekou Block B Framework Agreement

On 9 November 2009, Nanjing Golden Eagle International Group Co., Ltd. ("Golden Eagle International Group"), a fellow subsidiary of the Company ultimately wholly-owned by Mr. Wang and a connected person (as defined in the Listing Rules) of the Company, and the Group entered into a framework agreement, pursuant to which Golden Eagle International Group agreed to develop and sell, and the Group agreed to acquire, the whole of 1st to 6th floors and portion of second level of basement of Golden Eagle Phase 3 (the "Xinjiekou Store Block B Property"), a 42-storey building with 5 levels of basement to be located adjacent to Nanjing Xinjiekou Store Block A and is legally and beneficially owned by Golden Eagle International Group.

The consideration of RMB875.0 million (subject to adjustment) for the acquisition of 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 50,448.55 square meters and the outstanding consideration will be adjusted upward by approximately RMB7.8 million, resulting an adjusted total consideration of RMB882.8 million. As at the date of this report, the Group was still liaising with the relevant governmental authorities on the acquisition and considering other alternatives in the event that there are any hurdles in the acquisition.

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

Kunshan Framework Agreement

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

* For identification purpose only

The property comprises the whole of 1st to 8th floors and basements B1 and B2 of Kunshan Tiandi Project (as defined in the circular dated 21 April 2011) 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 is legally and beneficially owned by Kunshan Golden Eagle Properties.

The consideration of RMB1,125.8 million (subject to adjustment) for the acquisition of Kunshan Property was calculated based on RMB9,500 per square meter and the estimated aggregate gross floor area of approximately 118,500 square meters and may be adjusted depending on the gross floor area of Kunshan Property actually to be delivered to the Group upon completion. The consideration will be paid by instalments in accordance with the pre-determined construction phases. The construction of the Kunshan Property was completed and commenced soft opening in January 2015. It is anticipated that the title of Kunshan Property will be transferred to the Group in 2019.

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 where the Group is already enjoying a leading position.

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

DISCLOSURE UNDER RULES 13.18 AND 13.21 OF THE LISTING RULES

On 12 April 2018, the Group entered into a dual-currency three-year syndicated loan facility agreement in the principal amounts of up to USD430.0 million and HKD1,781.0 million with a group of financial institutions which will be due for full repayment in April 2021 (the "Syndicated Loan Agreement").

Pursuant to the terms of the Syndicated Loan Agreement, it will constitute, among others, an event of default if at any time when the entire or part of the syndicated loan facility remains outstanding, Mr. Wang ceases to (i) hold directly or indirectly not less than 51% of the beneficial interest in the Company; (ii) be the single largest shareholder of the Company; (iii) be the Chairman and executive Director of the Company; or (iv) maintain the management control of the Company or have the right to determine the composition of majority of the Board. Upon occurrence of an event of default, all outstanding loans together with accrued interest and any other amounts accrued under the Syndicated Loan Agreement may become immediately due and payable. The facility was fully utilised and remained outstanding as at 30 June 2019.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2019, the Group's cash and near cash (including bank balances and cash, restricted cash, structured bank deposits and wealth management products issued by banks) amounted to RMB6,098.3 million (31 December 2018: RMB6,463.9 million (restated)) whereas the Group's total borrowings (including bank borrowings, senior notes and PRC medium-term notes) amounted to RMB8,382.6 million (31 December 2018: RMB8,346.2 million). For the six months ended 30 June 2019, the Group's net cash generated from operating activities amounted to RMB24.2 million (1H2018: net cash used in operating activities amounted to RMB69.2 million (restated)), net cash generated from investing activities amounted to RMB172.2 million (1H2018: net cash used in investing activities amounted to RMB153.4 million) and net cash used in financing activities amounted to RMB441.5 million (1H2018: RMB1,230.1 million).

As at 30 June 2019, the Group's bank borrowings, which is a three-year dual-currency syndicated loan to be due in April 2021, amounted to RMB4,298.0 million (31 December 2018: RMB4,269.8 million), senior notes to be due in 2023 amounted to RMB2,585.3 million (31 December 2018: RMB2,579.2 million) and PRC medium-term notes amounted to RMB1,499.3 million (31 December 2018: RMB1,497.2 million).

Total assets of the Group as at 30 June 2019 amounted to RMB23,469.1 million (31 December 2018: RMB24,236.4 million (restated)) whereas total liabilities of the Group amounted to RMB16,810.8 million (31 December 2018: RMB17,917.0 million (restated)), resulting in a net assets position of RMB6,658.3 million (31 December 2018: RMB6,319.4 million (restated)). The gearing ratio, which is calculated by the Group's total borrowings divided by its total assets, increased to 35.7% as at 30 June 2019 (31 December 2018: 34.4% (restated)).

CONTINGENT LIABILITIES

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

FOREIGN EXCHANGE EXPOSURE

Certain bank balances and cash, equity investments, bank loans and senior notes of the Group are denominated in HK$ or USD which exposed the Group to foreign exchange risks associated with the fluctuations in exchange rates between HK$/RMB and USD/RMB. Currently, the Group has not entered into any contracts to hedge against its foreign currency exposure and will consider hedging arrangement should the needs arise. During the period under review, the Group recorded a net foreign exchange loss of RMB14.1 million (1H2018: RMB85.8 million). The Group's operating cash flows are not subject to any exchange fluctuation.

EMPLOYEES

As at 30 June 2019, the Group employed a total of 3,350 employees (31 December 2018: 3,700 employees) with remuneration in an aggregate amount of RMB183.0 million (1H2018: RMB188.9 million (restated)). The Group's remuneration policies are formulated with reference to market practices, experiences, skills and performances of the individual employee and will be reviewed every year.

DIVIDENDS

The Directors have resolved that an interim dividend of RMB0.118 per share (1H2018: RMB0.1338 per share) will be paid on or before 19 September 2019 to those shareholders of the Company whose names appear on the Register of Members of the Company at the close of business on 10 September 2019.

In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 10 September 2019, which is also the record date for the distribution of interim dividend.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the six months ended 30 June 2019, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

CORPORATE GOVERNANCE

The Directors are of the opinion that the Company has complied with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules for the six months ended 30 June 2019, except for provision A.2.1 of the Code. Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The chairman of the Board took a leading role in the overall management and is responsible for the effective functioning of the Board. He was also responsible for the overall strategic development of the Group.

During the period under review, Mr. Wang Hung, Roger acted as both the chairman of the Board and the chief executive officer of the Company and took a leading role in day-to-day management and was responsible for the effective functioning of the Board. The senior management team of the Group was responsible for the implementation of business strategy and management of the day-to-day operations of the Group's business. With effect from 26 November 2018, Mr. Li Pei (李培) was appointed as the President of the Company, and he will be responsible for assisting the Chairman in the overall strategic development of the Group. Having considered the current business operations and the aforesaid organisational structure, the Directors consider that it is not necessary to appoint another person as a chief executive officer.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Director's securities transactions. Specific enquiry has been made to all Directors, and the Directors have confirmed that they have complied with all relevant requirements as set out in the Model Code during the six months ended 30 June 2019.

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

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

PLEDGE OF ASSETS

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

AUDIT COMMITTEE

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

ACKNOWLEDGEMENT

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

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

Hong Kong, 20 August 2019