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

2022年報
ANNUAL REPORT

Spirit of Enterprise

Credible and Committed

Optimistic and Progressive

Dedicated and United

Diligent and Devoted

Contents

Corporate Profile

ADHERENT TO LOW-CARBON, GREEN AND SUSTAINABLE DEVELOPMENT, BUILDING A NATIONWIDE RETAIL CHAIN NETWORK WITH YANGTZE RIVER DELTA AS FOCUS AND EXPANDING TO MID-WEST REGION

Since the opening of the first store, Nanjing Xinjiekou Store, and after 28 years of dedicated operation, the Group has successfully opened 30 stores in the People's Republic of China ("PRC") with a total gross floor area of 2,503,623 square metres and a total counter area of 1,178,623 square metres as at 31 December 2022. These stores are located in 17 cities across four provinces of Jiangsu, Anhui, Shaanxi, and Yunnan, and the municipality of Shanghai, covering Shanghai, Nanjing, Suzhou, Nantong, Yangzhou, Xuzhou, Taizhou, Huai'an, Yancheng, Suqian, Danyang, Kunshan, Wuhu, Ma'anshan, Huaibei, Xi'an and Kunming.

Leveraging on its leading position and strong competitive advantages in Jiangsu Province, the Group will continue to reinforce its market leadership and presence in Jiangsu, Anhui, Shaanxi, Yunnan and Shanghai by establishing comprehensive lifestyle centres which can enhance the Group's competitive strengths in the long run with substantial potential for its business growth. Meanwhile, the Group will progressively develop in those first and second-tier cities as well as explore third-tier cities with immense growth potential in order to achieve its goal of establishing a nationwide retail chain network. The Group will also actively fulfil its corporate social responsibilities by adopting a strategy of low-carbon development that features emission reduction, proceed with green renovation of its retail stores and the construction of new green commercial complexes, so as to achieve sustainable development and contribution to society.

CONTINUING TO ENHANCE ORGANIC GROWTH AND DEVELOPING COMPREHENSIVE LIFESTYLE CENTRES

Focusing on the growing demand of middle-class families and young customers for high-quality lifestyle, the Group has been steadily upgrading its existing merchandise portfolio. Meanwhile, capitalising on the mainstream customers' demand for consumption upgrades, the Group is developing itself into a professional retail operator which provides high-quality and comprehensive shopping experiences. The Group prioritises the development of those retail business and product categories with immense growth potential and high gross margin that are able to enhance customers' shopping experiences and interaction with the stores. Therefore, the Group expands its retail business on lifestyle and amenities related to children's development, maternity and baby care, healthcare, household goods and cultural and creative activities, in order to build a comprehensive lifestyle centres that fulfill the needs for shopping, leisure and family gatherings. As at 31 December 2022, the Group was operating 15 comprehensive lifestyle centres with a total gross floor area of 1,971,090 square metres. The portion on lifestyle and amenities occupies 45.7% of the Group's total counter area. Following the launch of the Group's new flagship store, Nanjing Golden Eagle World Store, being the latest generation of comprehensive lifestyle centre, the Group further strengthens its core competitiveness through improving its services quality and enriching consumer experience with diverse contents.

Corporate Profile

EMPHASISING INCREMENTAL GROWTH DEVELOPMENT, CAPITALISING ON CONSUMPTION UPGRADE AND EMERGING INDUSTRIES OF HEALTH MAINTENANCE AND MEDICAL CARE, CHILDREN'S DEVELOPMENT, ART AND CULTURE, ESTABLISHING ASSET-LIGHT BUSINESS MODEL AND INTELLIGENT CONSUMPTION SERVICE PLATFORM

By utilising its core resources such as new contents, new channels and new VIP members, the Group is determined to enhance its capabilities for its business with an asset-light business model, and for providing services to meet the needs for long-term development. By adopting its dual development strategy of self-operated stores and asset-light management output, the Group is committed to maintaining its flexibility for sustainable development in the ever-changing and highly competitive operating environment: (i) New contents. The Group will continue to invest and develop new types of business contents to align itself with the trend of consumption upgrades. The new types of business contents will have the characteristics of profitability, high level of transformation and customers stickiness. The contents of such businesses will also be innovated consistently and replicable; (ii) New channels. The Group will be able to develop new channels through the introduction of new types of business contents. By utilising those new channels, the Group can disseminate the new contents to other businesses beyond its existing business ecosystem, thus creating the driving force for development and growth for all those new channels and contents; (iii) New VIP members. Leveraging on social media and new technologies, the Group will strengthen the integration and utilisation of its internal resources, and expedite collaboration with external shared platforms in order to continuously secure more VIP members from middle-class families and young consumer groups who value for personalised services.

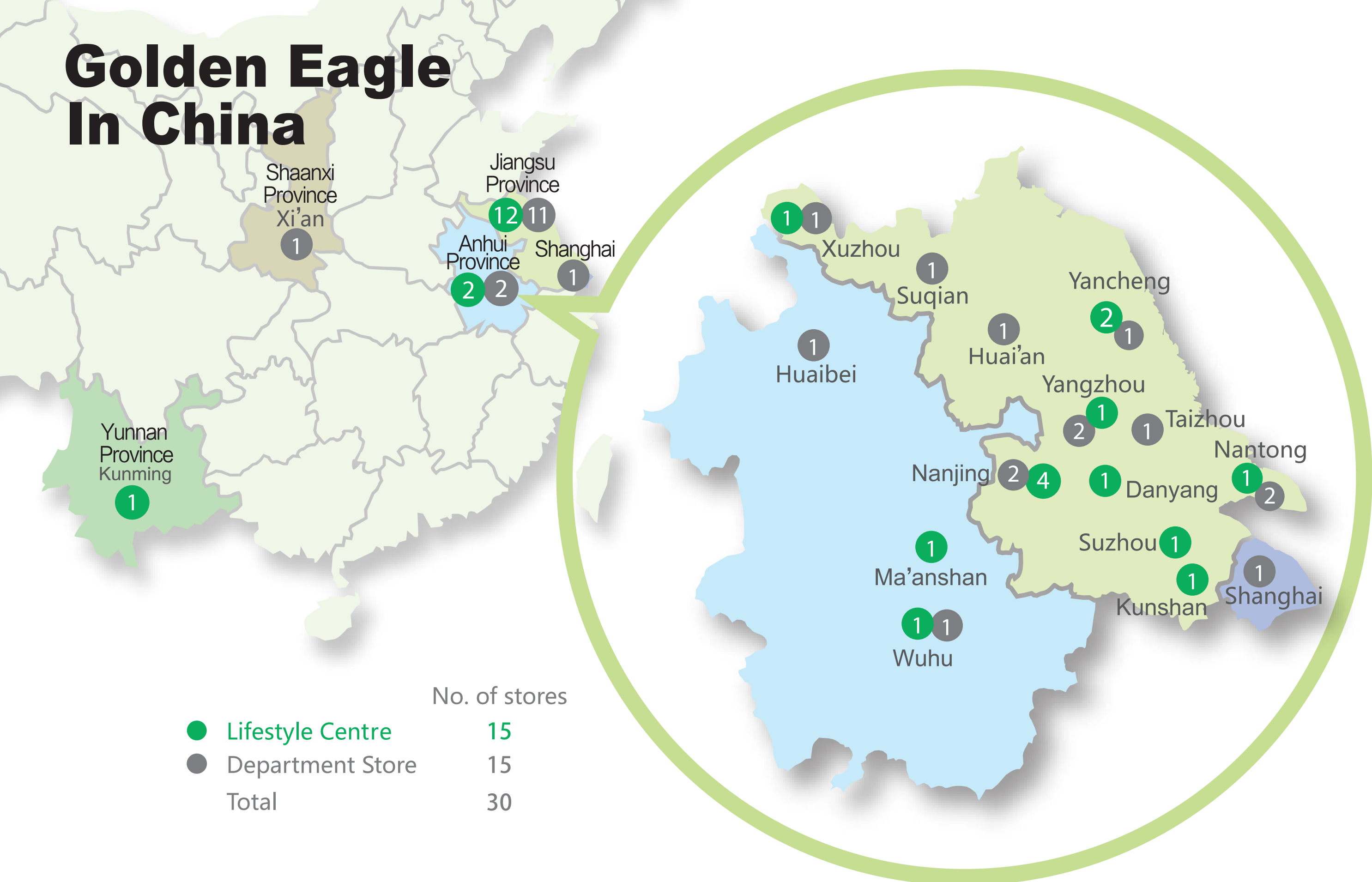
DEDICATED TO INTELLIGENT RETAIL UPGRADE TO PROVIDE VIPS WITH INNOVATIVE OMNI-CHANNEL SERVICES THAT MEET THE NEED OF CONSUMERS' DAILY LIFE AND ENHANCE THEIR SHOPPING EXPERIENCES

The Group has upgraded the online shopping experiences and increased the attraction of the offline sales channels and marketing activities to provide value-added VIP services in a more precise and comprehensive manner. Through the use of the mobile phone application "GE Life" (金鷹生活) (the "App"), WeChat and Weibo social network platforms and the "electronic VIP card", the Group integrates the App's online platform with its retail stores, 7-Eleven convenience stores, brand flagship stores and the upstream and downstream resources along the value chain of the retail industry. Leveraging on its quality and convenient comprehensive lifestyle services, the Group has successfully carried out online-and-offline two-way marketing. As at 31 December 2022, the App had registered over 21.2 million downloads. At the same time, out of the Group's 3.2 million VIP customers, over 98% of them have connected their electronic VIP cards with the App. During the year under review, the aggregate spending by VIP customers accounted for 66.4% of the Group's total gross sales proceeds, representing a year-on-year increase of 2.0% as compared to the end of 2021.

LOCALISE OPERATION STRATEGIES AND MANAGEMENT WITH INTERNATIONAL PERSPECTIVE

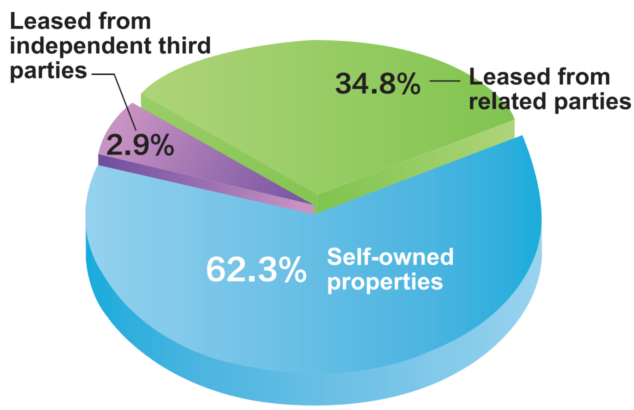
The Group appreciates the dedication and contribution of its staff and fosters their capabilities, competence and international perspective by conducting regular professional training sessions and overseas study trips for all levels of its human resources structure. The Group has also implemented localised management systems for each local market. For each of its stores, the Group recruits local talents to form a management team with local expertise and experiences that the Group can utilise in the respective markets. As at 31 December 2022, the Group had 2,115 employees.

Golden Eagle In China



Self-owned properties situated at prime shopping locations accounted for 62.3%* of total gross floor area

	Gross Floor Area (sq.m.)			
	Store in operation	Self-owned	Leased	Sub-total
1	Nanjing Xinjiekou#	83,896	37,363	121,259
2	Nantong	9,297		9,297
3	Yangzhou	37,562	3,450^	41,012
4	Xuzhou#	110,974	5,788^	116,762
5	Xi'an Gaoxin	32,878		32,878
6	Taizhou	58,374		58,374
7	Kunming#	116,817		116,817
8	Nanjing Zhujiang Road		33,578	33,578
9	Huai'an	55,768		55,768
10	Yancheng#	88,165		88,165
11	Yangzhou Jinghua		29,598^	29,598
12	Shanghai		35,163	35,163
13	Naning Hanzhong		12,462	12,462
14	Naning Hubin Tiandi#	168,900	47,495	216,395
15	Anhui Huaibei		34,714^	34,714
16	Suqian	65,410		65,410
17	Xuzhou People's Square	37,457		37,457
18	Yancheng Outlet		18,354	18,354
19	Yancheng Julonghu#		110,848	110,848
20	Nantong Lifestyle#	94,700		94,700
21	Danyang#		51,755	51,755
22	Kunshan#	118,500		118,500
23	Nanjing Jiangning#		144,710	144,710
24	Anhui Ma'anshan#		128,439	128,439
25	Nantong Renmin Road	30,191		30,191
26	Anhui Wuhu Shopping	38,277		38,277
27	Anhui Wuhu New City#	81,397		81,397
28	Suzhou#	176,764		176,764
29	Golden Eagle World#		251,019	251,019
30	Yangzhou New City Centre#	153,560		153,560
	Total			2,503,623&



* As a percentage of total gross floor area (sq.m.) as at 31 December 2022

\# Positioned as lifestyle centre

& Excludes Liyang Store, Jiahong Supermarket, Changzhou and Yancheng Aquariums and 7-Eleven convenience stores with a total gross floor area of 87,180 sq.m. and Street Shops and Jinqiao Market Managed Area with a total gross floor area of 287,944 sq.m., i.e. in aggregate of 375,124 sq.m.

^ Leased from independent third parties

Corporate Information

EXECUTIVE DIRECTORS

Mr. Wang Hung, Roger
Mr. Tan Jianlin (appointed on 18 August 2022)

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

17th Floor, Block A, Golden Eagle World
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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
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 China
Bank of Jiangsu
Bank of Shanghai
China CITIC Bank International
China Construction Bank
China Everbright Bank
China Merchants Bank
China Minsheng Bank
East West Bank
Hang Seng Bank
Hongkong and Shanghai Banking Corporation
Industrial Bank
Luso International Bank
Shanghai Pudong Development Bank
Taipei Fubon Commercial Bank
The Bank of East Asia

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
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88 Queensway, Hong Kong

HONG KONG LEGAL ADVISORS

Raymond Siu & Lawyers
Units 1302-3 & 1802, Ruttonjee House
11 Duddell Street
Central, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

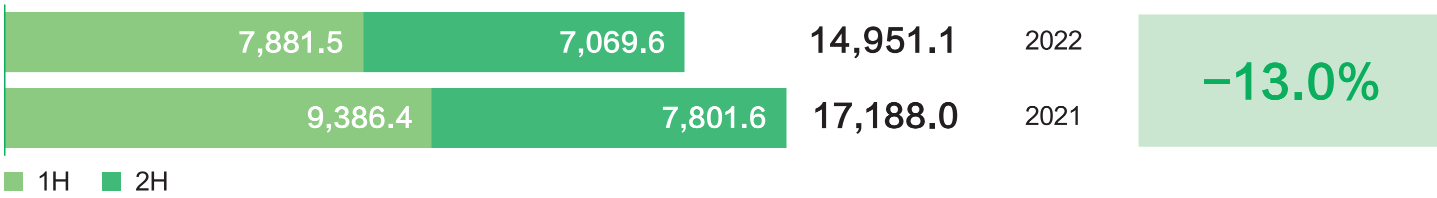
Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3
Building D, P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman, KY1-1110
Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE (BRANCH REGISTRAR)

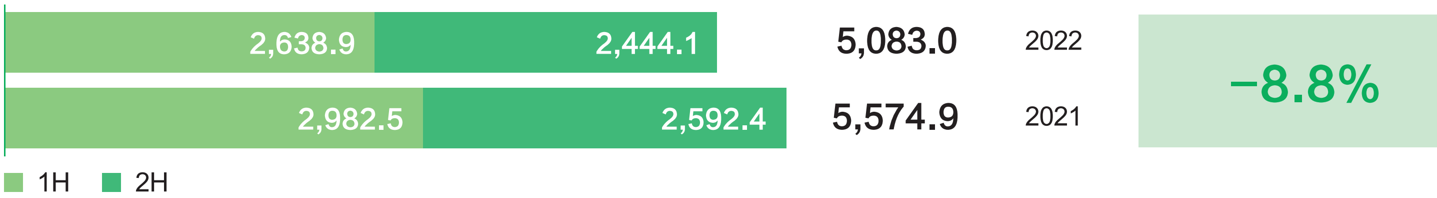
Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

Financial Highlights

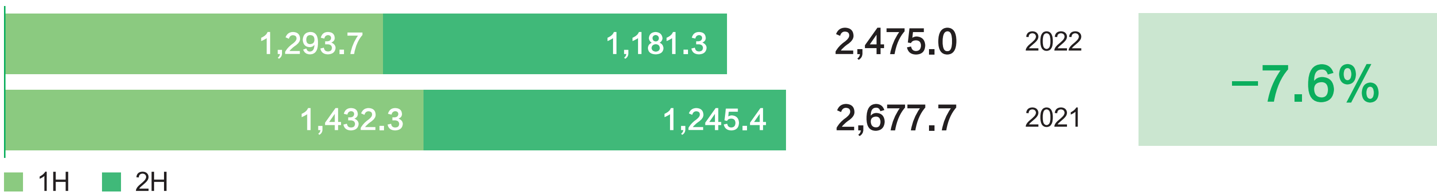
Gross Sales Proceeds (RMB Million)



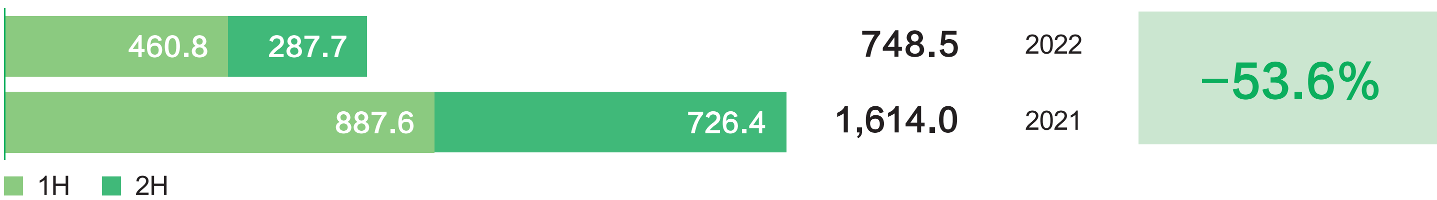
Revenue from Retail Operations (RMB Million)[1]



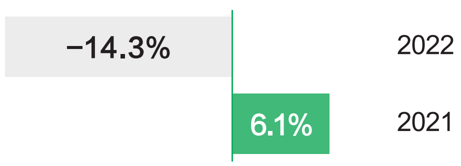
Retail Profit from Operations before Depreciation and Amortisation (RMB Million)



Profit Attributable to Owners of the Company (RMB Million)



Same-Store Sales[2]



(1) Being the Group's total revenue excluding revenue generated from property sales and hotel operations for simple reconciliation purpose.

(2) Same-store sales represents change in total gross sales proceeds of retail chain stores which were in operation throughout the comparable period.

Enriching life with styles!

Five Years Financial Summary

	2018 RMB'000 (Note)	2019 RMB'000	2020 RMB'000	2021 RMB'000	**2022** **RMB'000**	**2021 vs 2022** **%**
Consolidated Statement of Profit or Loss for the year ended 31 December						
Gross sales proceeds	18,995,678	18,246,784	16,425,830	17,187,997	**14,951,146**	-13.0
Revenue	6,570,201	6,149,446	5,588,268	5,717,498	**5,331,582**	-6.7
Profit from operations	2,323,362	2,193,926	2,027,708	2,244,985	**2,078,533**	-7.4
Profit for the year attributable to owners of the Company	897,854	1,185,480	1,562,595	1,613,957	**748,456**	-53.6
Basic earnings per share (RMB)	0.537	0.706	0.938	0.972	**0.451**	-53.6
Consolidated Statement of Financial Position as at 31 December						
Non-current assets	13,824,381	13,932,607	13,974,502	13,916,190	**13,480,178**	-3.1
Current assets	10,412,019	9,009,664	10,108,601	11,045,987	**12,171,840**	10.2
Total assets	24,236,400	22,942,271	24,083,103	24,962,177	**25,652,018**	2.8
Current liabilities	10,458,403	8,575,684	12,295,493	8,686,940	**10,749,253**	23.7
Non-current liabilities	7,458,568	7,412,620	3,996,246	7,638,689	**5,519,379**	-27.7
Total liabilities	17,916,971	15,988,304	16,291,739	16,325,629	**16,268,632**	-0.3
Net Assets	6,319,429	6,953,967	7,791,364	8,636,548	**9,383,386**	8.6
Capital and reserves						
Equity attributable to owners of the Company	6,207,771	6,855,196	7,701,292	8,548,159	**9,280,597**	8.6
Non-controlling interests	111,658	98,771	90,072	88,389	**102,789**	16.3
	6,319,429	6,953,967	7,791,364	8,636,548	**9,383,386**	8.6
Net assets per share attributable to owners of the Company (RMB)	3.696	4.083	4.639	5.149	**5.590**	8.6
Number of shares in issue (in thousand)	1,679,406	1,679,038	1,660,205	1,660,205	**1,660,205**	–

Note: The financial information for the year ended 31 December 2018 has been restated in order to include the results of the entity which was acquired under common control during the year ended 31 December 2019.

Chairman's Statement

INDUSTRY OVERVIEW

In 2022, the increasingly complex international political and economic landscape, together with the repeated coronavirus ("COVID-19") epidemic outbreaks posed challenges to the economic recovery of various countries around the world. The epidemic in China has been effectively alleviated under the stringent control of the dynamic zero-COVID policy. However, the volatile epidemic situation has adversely affected the economy. Due to the changes in domestic consumer sentiment, the retail sector continued to be under pressure. Despite further downward pressure on the economy, China's gross domestic product ("GDP") grew 3.0% to RMB121.0 trillion in 2022, demonstrating strong resilience and potential of the national economy. Since China began to relax epidemic control measures at the end of 2022, the efficacy of the optimised epidemic control measures has continued to show. The domestic economy is gradually showing a recovery trend, while consumer sentiment is starting to revive as well. As the main business base of the Group, Jiangsu Province is also the second largest provincial economy in China. With the successive rollout of a number of relief measures to support enterprises, the Jiangsu Province's economic operation has shown a rebound in both supply and demand and its GDP growth has improved since the second half of the year. The GDP of Jiangsu Province rose 2.8% year-on-year ("YOY") to RMB12.3 trillion, while the GDP per capita has exceeded RMB143,000, ranking the forefront of all provinces and autonomous regions. The GDP has exceeded RMB10 trillion each year for the past three consecutive years, demonstrating strong economic strength and resilience of the Jiangsu Province.

As one of the three growth drivers of the national economy, although consumption growth has slowed down slightly, its scale and importance in the economic development continue to grow day by day. In recent years, diversification, novelty, personalisation and health and wellness have gained increasing popularity in the consumer market. At present, the characteristics of interest-driven consumption are particularly prominent. Retailers cannot just adopt a conservative approach and passively waiting for customers. They need to be adaptable, strive for innovation, explore new models, and open up new paths to maintain and improve their operational capabilities and market share. First of all, retailers must embrace changes by improving data utilisation from "digitalisation" to "intelligentisation" to drive business development. Secondly, retailers must stay committed to its original operating visions. Facing the current intense competition, retailers must adopt a customer-centric approach, allocate resources to establish more in-depth engagement with consumers and business partners, and focus on the strengths of its products, services and environments so as to foster positive interactions between consumers, suppliers and retailers, and create new business growth potentials. Last but not the least, retailers must capture consumer trends by seizing new national trends, art and culture experience, green and low-carbon and other popular topics to create IPs and expand into new areas, providing high-quality customer groups with green, high-quality, convenient and sustainable contents and services, which will be a key direction for future development of retailers.

Chairman's Statement

OPERATION MANAGEMENT AND CORPORATE DEVELOPMENT

In 2022, despite insufficient domestic demand, recurring epidemic, multiple outbreaks, and temporary shortened opening hours and/or closure of some stores in the region, the Group remained committed to the orientation of sound, high-quality and green development, maintained financial stability, stayed on the trend with breakthroughs, laying a solid foundation for long-term sustainable development. The Group refined the operations of its main business, kept updated on the ever-changing consumer market, continued to improve its merchandise portfolio and optimised the retail environment, actively explored new opportunities, strengthened the innovation and influence of marketing campaigns, and refined the experiences, customer engagement and digitalisation of member services to achieve continuous rebound in sales and customer traffic.

The Group has overcome many challenges during the year and achieved resilient overall performance. In 2022, the Group's customer traffic reached 160 million visits[1], gross sales proceeds ("GSP") was RMB14.9 billion, and profit from operations before depreciation and amortisation (net profit before depreciation, amortisation, interest, tax and other gains and losses) reached RMB2.5 billion, representing a slight YOY decrease of 13.5%, 13.0% and 6.1%, respectively. With the relaxation of the epidemic prevention and control measures at the end of the year, the Group's customer traffic and sales have recorded a significant rise, which also greatly encourages the employees and business partners of the Group to closely work together.

In 2022, despite serious challenges brought by the epidemic and the economic downturn, the Group adhered to high-quality development, promoted merchandising adjustments in an orderly manner, further enhanced the cooperation with various brands for store debuts in the region and with benchmark brands for flagship store openings, and optimised retail environment. During the year, the Group adjusted a total of 174,000 square metres of its counter area, involving 1,505 brands and accounting for 14.7% of the total counter area of the Group. The overall occupancy rate reached 91.0%. The Group continued to optimise the brand portfolio of Nanjing Xinjiekou Store, focusing on brand renewal, benchmark brands' flagship store upgrade and store debuts. It has introduced store debuts in Jiangsu Province or Eastern China such as HOKA, K SWISS, Red Lanterns (壹盞燈) and SO DO FUN (蜀都豐), etc and upgraded stores including KOLON's first 7.0 flagship store in Jiangsu Province to meet the high-quality consumption demands of target customers. Through store revamp and upgrade, the Group strengthened the urban high-end fashion positioning and interactive experiences of Yancheng Store, introduced store debuts in the city and talk-of-the town brands such as Jaeger-LeCoultre, NIKE KL1, EDITION, ANMANI (恩曼琳), S.D.Spontini and CALLISTO, and integrated local culture to attract a new generation of young customers. As regards the Xuzhou Store, on the one hand, the Group continued to upgrade the high-end positioning of Block A with store debuts in the city of VALMONT, Chopard and Vivienne Westwood, etc. On the other hand, the Group strengthened the positioning of Block B catering for modern families by relocating the children's category to build a comprehensive collection of children's brand merchandise. It also added more interactive entertainment contents to enhance customer experiences and actively enriched its leading and developed trending brand categories to further consolidate its leading position in the local market.

(1) According to year-on-year comparison of data collected from the Group's retail chain stores with customer traffic statistics system installed

Chairman's Statement

Focusing on the needs and interests of consumers, the Group kept abreast of current upsurge of the Winter Olympic Games and the night economy, closely followed the needs of young customers, and launched a number of rejuvenating, fun and innovative marketing campaigns. Moreover, the Group launched a series of activities to promote consumption, boosting customer traffic and sales. Among them, Nanjing Hubin Tiandi Store hosted the first outdoor ice and snow festival in Nanjing to cheer for the Winter Olympics 2022. The event went viral in Nanjing and caught the eye of over 5 million people online. The outdoor ice and snow area was particularly spectacular at night and was named as the night culture and tourism consumption cluster in Nanjing. In June 2022, Nanjing Xinjiekou Store collaborated with the Nanjing International Consumption Festival organised by the Nanjing government, which generated an aggregate GSP of RMB190 million during the period. In September 2022, the Nanjing International Consumption Festival (Autumn) was successfully held in the outdoor plaza of Nanjing Golden Eagle World Store. During the festival, the store recorded an aggregate GSP of over RMB80 million. In 2022, the Group further enhanced and enriched its lifestyle functions and amenities offerings, collaborated with top brands, endeavoured to explore ways to create new growth points. Among them, the Group collaborated with hotels and high-end cosmetic brands to organise beauty and skincare workshops, such as for Helena Rubinstein, The history of Whoo etc., to recruit new members and achieve sales growth for the brands. The Group also collaborated with hotels and wedding services brands to launch IP "Golden Eagle Bride" (金鷹新娘), simultaneously increasing hotel wedding banquet bookings and driving sales by recruiting new members for the relevant brands.

During the year, the Group's 7-Eleven convenience store business grew rapidly and expanded into Huai'an, Changzhou, Zhenjiang and Yancheng. The number of the Group's 7-Eleven convenience stores exceeded 100 in August 2022 and increased from 61 as at the end of 2021 to 121 as at the end of 2022, covering eight cities. Among them, the number of franchised stores increased from 36 to 99. GSP generated during the year was RMB225.0 million, representing a YOY increase of 76.6%. 7-Eleven adheres to the philosophy of "doing better than promised" (比承諾做得更好) and actively responds to the call of the country, vigorously develops the "convenience economy", continuously improving the "15-minute convenience circle", and provides consumers with high-quality lifestyle services around the clock. The sharing of the 7-Eleven supply chain and the establishment of the new central kitchen and fresh food factory enable the Group to provide high-quality fresh food and seasonal products and efficient supply chain services. Coupled with the sharing of IT and membership systems with the Group to integrate and interchange membership points to provide customers with more convenient services in an efficient manner, the Group has laid a solid foundation for the rapid and high-quality development of its convenience store business. In 2023, the Group's 7-Eleven convenience store business will continue its steady expansion strategy and deepen its development in cities with established market presence to achieve a large market share and economies of scale in these regional markets. In addition, the Group plans to open 60 new 7-Eleven convenience stores and debut its market presence in Xuzhou in 2023, bringing the number of 7-Eleven convenience stores to over 180.

Chairman's Statement

The Group continued to upgrade its member services, optimise member consumption experience, provide members and brands with full ecological services through the one-stop lifestyle service platform, "GE Life" (金鷹生活), and further strengthen online and offline interactions through flexible and innovative marketing approaches. As of 31 December 2022, the "GE Life" mobile application (the "App") had registered over 21.2 million downloads. In addition, the Group recruited a total of approximately 3.2 million VIP members, of which more than 98% of them have connected their VIP membership cards with the App. During the year, the aggregate spending by VIP members accounted for 66.4% of the Group's GSP, representing a YOY increase of 2.0%. The Group will continue to deepen omni-channel marketing and digital upgrade, attach importance to member service experience, actively promote member digitalisation, and boost members' consumption through precision marketing, shifting its emphasis from Gross Merchandise Value ("GMV") to member Life Time Value ("LTV") in order to extend the life cycle of members, enhance customer loyalty, boost the sales-per-ticket and revisit rate, and ultimately enhance the value of the platform.

OUTLOOK

In 2023, against the backdrop of geopolitical tensions, high inflation and tight monetary policies restraining investment and consumption, the global economy still faces many downside risks. However, with the optimisation of China's epidemic prevention and control measures, it is expected that consumer demand will be gradually released, securing the steady recovery of China's economy. China firmly implements the strategy of expanding domestic demand, accelerates the upgrading of consumption quality and fosters new types of consumption, accelerating the release of the potential of the consumer market. The fundamentals of China's long-term sound economic growth remain unchanged. The Group is still full of confidence in the long-term development of China's consumer market, and will maintain a prudent monitoring on the market. Centreing around customer needs, the Group will devote more resources to improve omni-channel operations and digital supply chain, and focus on consumer experiences and services, constantly improve its own services and operations so as to provide consumers with a better shopping experiences and establish a solid foundation for flexible and effective sustainable development.

In the next few years, the Group's Golden Eagle World projects in Nantong, Changzhou and Changchun, as well as Kunshan Phase II, Xuzhou Metro Commercial and Yangzhou Jiangdu Phase II projects will be launched in stages in the form of leased or self-owned properties, and Liyang Store will be reopened after upgrading. Upon the launch of all these stores, the Group will operate 34 retail chain stores with a total gross floor area ("GFA") of approximately 3.3 million square metres. In an effort to support the national goal of achieving carbon peak by 2030 and carbon neutrality by 2060, all new commercial projects of the Group in the future will fully adopt low-carbon energy-saving technologies such as photovoltaic power generation, high-efficiency chiller plant, rainwater recycling and intelligent lighting, and will be planned and built based on China's two-star green building standard or above, leading the way to green and sustainable development.

Chairman's Statement

Phase II of Kunshan Lifestyle Centre, with a total GFA of approximately 78,000 square metres, is scheduled to open in the second half of 2023. Targeting at young families, the project, together with Block A and street shops, will form the largest commercial complex in Kunshan with an aggregate GFA of approximately 200,000 square metres and with "new, trendy, interesting, and fun" as its core elements. The remaining 25,000 square metres of the Group's asset-light metro commercial project, Xuzhou Golden Eagle "Shang Jie" (徐州金鷹上街) is scheduled to open in the second quarter of 2023. Targeting at trendsetters and young people, the project will be built into a metro commercial district integrating trendy, social and artistic elements, offering the residents of Xuzhou a new way of life. The Group will continue to leverage on its capabilities of designing and planning large-scale commercial complexes, saving energy and reducing carbon emissions in smart buildings, configuring merchandise portfolio and refining operational management to form competition barriers, continuing to scale up its business of commercial property operation and boost operating revenue.

With years of experience in grasping the pulse of China's business world and a strong business sense, the Group is confident in fully seizing the opportunities brought by the recovery of the consumer market in the post-epidemic era. The Group will actively seek breakthroughs in response to the ever-changing consumer preferences and market conditions, and strive to create more diversified business contents and greater value to achieve green, high-quality, and sustainable development.

Lastly, on behalf of the Board, I would like to express my heartfelt gratitude to all loyal customers for their continuous support and love. I would also like to thank all business partners, investors and shareholders for their trust, and extend my heartfelt appreciation to all employees for their dedication and hard work in the past year. In 2023, the Group will continue to make a concerted effort to keep abreast of the times and capitalise on its own advantages. While embracing new challenges, it will also actively grasp opportunities brought by the new retail wave, striving for high-efficiency and high-quality results, and delivering greater returns to shareholders.

Wang Hung, Roger
Chairman

22 March 2023

Management Discussion and Analysis

FINANCIAL REVIEW

GSP and Revenue

Since early 2020, the COVID-19 outbreak has spread across China and other countries. A series of precautionary and control measures have been implemented across China since then. The pandemic has affected retail business in China and the economic activities of the Group to a certain extent. Due to regional outbreaks, most of the Group's stores temporarily shortened their opening hours and/or were closed during the year under review. The Group's stores in Nantong, Xuzhou, Ma'anshan and Wuhu were closed for 1 to 2 weeks while the stores in Xi'an, Suzhou, Kunshan and Shanghai were closed for 5 to 9 weeks.

In response to the situation, the Group has adopted various measures to mitigate the adverse impact of pandemic on its business operations, including maximising operational efficiency, promoting online sales, assisting merchants and business partners in weathering the pandemic, and implementing comprehensive cost-saving measures. With adoption of the abovementioned measures, continuous efforts in merchandise adjustments and creative marketing campaigns, the Group has demonstrated resilience in its recovery since the second quarter of the year 2020. However, the Group's operating results were inevitably impacted by the resurgence of regional outbreaks since then, especially during the period when the Group's stores were temporarily shortened their opening hours and/or were closed.

The Group also implemented a series of measures and policies to assist merchants and business partners in weathering the difficult situation caused by the pandemic since 2020, including granting subsidies and rental concessions to concessionaire and rental tenants totalling approximately RMB80.0 million, RMB14.0 million and RMB80.0 million, respectively, during each of the years 2020 to 2022.

During the year under review, against the backdrop of the resurgence of the pandemic, gross sales proceeds ("GSP") of the Group decreased to RMB14,951.1 million, representing a year-on-year ("YOY") decrease of 13.0% or RMB2,236.9 million. The decrease was mainly attributable to the net effects of (i) the YOY decrease of 14.3% in retail same-store sales [(2)] amid the resurgence of regional outbreaks in various cities of China which resulted in the decrease in customer traffic and weakened consumer sentiment; and (ii) the increase in sales of properties by RMB104.0 million or 83.4% to RMB228.8 million, which represented the delivery of a portion of the pre-sold units in phase one sub-sections one and two of Changchun Golden Eagle World Project to purchasers during the year.

During the year 2022, concessionaire sales contributed to 73.6% (2021: 76.3%) of the Group's GSP, which decreased by 16.1% YOY to RMB10.995.3 million from RMB13,104.8 million in the year 2021, while direct sales contributed to 17.3% (2021: 16.3%) of the Group's GSP, which decreased by 7.6% YOY to RMB2,584.1 million from RMB2,795.9 million in the year 2021. Rental income contributed to 7.2% (2021: 6.3%) of the Group's GSP, which decreased by 0.7% YOY to RMB1,081.4 million from RMB1,089.2 million in the year 2021. Sales of properties contributed to 1.5% (2021: 0.7%) of the Group's GSP, which increased by 83.4% YOY to RMB228.8 million from RMB124.7 million. Other income accounted for the remaining 0.4% (2021: 0.4%) of the Group's GSP, which decreased by 16.2% YOY to RMB61.5 million from RMB73.4 million in the year 2021.

(2) Same-store sales represents change in total GSP of retail chain stores which were in operation throughout the comparable period.

Management Discussion and Analysis

Commission rate from concessionaire sales increased to 17.8% (2021: 17.4%) while gross profit margin from direct sales decreased to 13.1% (2021: 14.5%), resulting in a stable overall gross profit margin from concessionaire sales and direct sales of 16.9% (2021: 16.9%). This was mainly due to the net effects of (i) the overall improvement in commission rate from concessionaire sales due to the change of merchandise sales mix, such as the increase in sales of cosmetics which carry a higher commission rate, and the decrease in sales of gold, jewellery and timepieces which carry a lower commission rate; and (ii) approximately 0.7% dilution on the direct sales gross profit margin due to the increase in sales of goods to the Group's 7-Eleven franchisees at procurement costs (which was in line with the Group's pricing policy) and such sales increased by 5.0 times YOY to RMB138.8 million for the year 2022 as a result of the continuous expansion of the Group's 7-Eleven franchise chain.

A breakdown of GSP from concessionaire sales and direct sales by category shows that sales of apparel and accessories contributed to 40.0% (2021: 40.0%) of the GSP; sales of gold, jewellery and timepieces contributed to 18.1% (2021: 19.5%); sales of cosmetics contributed to 15.8% (2021: 15.0%); sales of outdoor, sports clothing and accessories contributed to 10.4% (2021: 10.0%); sales at the supermarket operation (including sales of tobacco, wine and liquor) contributed to 8.5% (2021: 8.1%) and the sales of other products such as electronics and appliances, household and handicrafts, childrenswear and toys contributed the remaining 7.2% (2021: 7.4%) of the GSP.

During the year 2022, the Group's 7-Eleven convenience stores generated GSP of RMB225.0 million, which increased by 76.6% YOY from RMB127.4 million in last year. The number of 7-Eleven convenience stores increased from 61 (with a total gross floor area ("GFA") of 6,562 square metres) in the year 2021 to 121 (with a total GFA of 11,752 square metres) in the year 2022. Out of which, 22 stores (2021: 25 stores) were self-operated stores and 99 stores (2021: 36 stores) were franchised stores, spanning across eight cities including Nanjing, Taizhou, Nantong, Yangzhou, Huai'an, Changzhou, Zhenjiang and Yancheng.

As at 31 December 2022, the Group's completed properties for sale and properties under development for sale amounted to RMB622.6 million (2021: RMB635.3 million) and RMB1,582.8 million (2021: RMB1,552.0 million) respectively. Completed properties for sale comprised of the Group's Riverside Century Plaza Project (in Wuhu Anhui Province, being one of the projects acquired by the Group in the year 2015) with total salable office and residential GFA of approximately 23,732.6 square metres as at 31 December 2022 (2021: 25,898.0 square metres). Properties under development for sale mainly comprised of the Group's (i) remaining portion of the Yangzhou New City Centre Project, mainly phase two sub-section two, with an estimated total salable residential and commercial GFA of approximately 96,501.8 square metres (2021: 96,765.7 square metres) and salable car parking spaces with GFA of approximately 35,658.6 square metres (2021: 37,082.8 square metres); (ii) Changchun Golden Eagle World Project phase one sub-sections one and two with an estimated total salable residential, commercial and car parking spaces GFA of approximately 84,744.1 square metres (2021: 108,758.7 square metres); and (iii) Lianyungang Project with an estimated total salable residential and commercial GFA of approximately 29,323.0 square metres (2021: nil) as at 31 December 2022.

Management Discussion and Analysis

Pre-sale of the units in phase one of Yangzhou New City Centre Project commenced since the year 2016 and these units were completed and delivered to purchasers in the second half of 2018 and the first half of 2019. The Group commenced pre-sale of the units in phase two sub-section one of the project since September 2017. These units were completed and delivered to purchasers at the end of 2019 and in the first half of 2020. Phase two is the last phase of Yangzhou New City Centre Project which comprises two sub-sections, while sub-section two is yet to be developed.

Pre-sale of the units in phase one sub-sections one and two of Changchun Golden Eagle World Project commenced since the year 2020, where phase one comprises three sub-sections. It is expected the project will be built into five phases and will be developed in stages over the coming years. The construction work of phase one sub-sections one and two with total salable residential, commercial and car parking spaces GFA of approximately 116,720.9 square metres is expected to be completed in phases from the end of the year 2021 to the year 2023. The delivery of the respective pre-sold units to purchasers commenced at the end of 2021. A portion of these pre-sold units with GFA of approximately 24,014.6 square metres were completed and delivered to purchasers during the year and the remaining pre-sold units with GFA of approximately 7,651.2 square metres are expected to be delivered to purchasers in 2023. The Group will commence sales of the remaining units of phase one sub-sections one and two after considering the local market environment in 2023.

Pre-sale of the residential units in Lianyungang Project commenced in the year 2022, which is a relatively small project of the Group. The construction work is expected to be completed in the year 2025 and the units are expected to be delivered to pre-sale purchasers in the same year. As at 31 December 2022, properties with GFA of approximately 11,390.8 square metres had been pre-sold and deposits and prepayments in the aggregate sum of RMB145.6 million had been received by the Group.

Sales of properties amounted to RMB228.8 million (2021: RMB124.7 million) with an aggregate GFA of approximately 27,868.1 square metres (2021: 14,181.1 square metres) being sold during the year 2022. The sales were mainly contributed by the sales of properties at the Group's (i) Changchun Golden Eagle World Project which amounted to RMB198.6 million (2021: RMB66.6 million); (ii) Yangzhou New City Centre Project which amounted to RMB7.2 million (2021: RMB14.3 million); and (iii) Riverside Century Plaza Project which amounted to RMB23.0 million (2021: RMB43.8 million). The overall gross profit margin from sales of properties was 25.7% (2021: 31.5%). The gross profit margin was diluted by the lower gross profit margin contributed by the clearance sales of car parking spaces at Yangzhou New City Centre Project and the adjustments in the selling price of office units of Riverside Century Plaza Project.

The Group's total revenue amounted to RMB5,331.6 million, representing a decrease of 6.7% from that of 2021. The decrease in revenue was generally in line with the decrease in GSP.

Management Discussion and Analysis

Other income, gains and losses

	2022 RMB'000	2021 RMB'000
Other income	**763,177**	751,007
Other gains and losses	**(504,535)**	175,049
	258,642	926,056
Total operating income		
Revenue	**5,331,582**	5,717,498
Other income	**763,177**	751,007
	6,094,759	6,468,505

Other income mainly comprised of various miscellaneous operating income received from retail tenants and customers, including overall administration and management fees from concessionaire and rental tenants and credit card handling fees from retail customers. Other income increased by 1.6% or RMB12.2 million to RMB763.2 million. Total operating income, being the aggregate of the Group's revenue and other income, decreased to RMB6,094.8 million, representing a decrease of 5.8% or RMB373.7 million. The total retail operating income, being the total operating income excluding the operating income from property sales and hotel operations (for simple reconciliation purpose), decreased to RMB5,846.2 million, representing a decrease of 7.6% or RMB479.7 million.

Other gains and losses mainly comprised of non-operating gains and losses such as (i) net foreign exchange gain and loss resulting from the translation of foreign currencies denominated assets and liabilities into RMB; (ii) the gains and losses and dividend income derived from the Group's investment in securities; (iii) the change in the fair value of the Group's investment properties; and (iv) other one-off or non-recurring gains and losses.

The net amount of other gains and losses decreased by RMB679.5 million to a net loss of RMB504.5 million from a net gain of RMB175.0 million for the year 2021. Such decrease was primarily due to the net effects of: (i) the change from a net foreign exchange gain of RMB144.7 million recognised in the year 2021 to a net foreign exchange loss of RMB567.1 million in the year 2022, representing a net difference of RMB711.8 million; (ii) the decrease in investment income from structured bank deposits by RMB58.8 million from RMB116.7 million recognised in the year 2021 as the Group has deployed more of its surplus capital to bank deposits during the year under review; (iii) the fair value change of the Group's unquoted fund investment from a loss of RMB27.4 million recognised in the year 2021 to a gain of RMB6.0 million in the year 2022, representing a net difference of RMB33.4 million; and (iv) the decrease in loss recognised in relation to store suspension by RMB80.6 million to RMB8.0 million from RMB88.6 million recognised in the year 2021. The amount for the year 2021 was mainly related to the rental compensations/provision for rental compensations made by the Group to two independent third party landlords for early termination of two leases with causes in the year 2015 at Changzhou and Hefei, respectively, after years of discussions and negotiations. An additional rental compensations/provision in the amount of RMB8.0 million was provided for the year 2022 for one of the abovementioned third party landlords.

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 decreased by RMB41.5 million or 1.9% YOY to RMB2,161.5 million for the year 2022. Such decrease was generally in line with the net decrease in direct sales and increase in sales of properties.

Employee benefits expense

Employee benefits expense decreased by RMB54.8 million or 14.4% YOY to RMB326.2 million for the year 2022. Such decrease was primarily attributable to the net effects of (i) the continuous efforts of the Group to streamline the roles and functions of its employees 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 2.4% from 2.5% in the year 2021.

For the years ended 31 December 2022 and 2021, there were no forfeited contributions which were available to reduce the Group's existing level of contributions to the state-managed retirement benefits schemes operated by the local PRC governments nor Mandatory Provident Fund Scheme for all employees in Hong Kong.

Depreciation and amortisation

Depreciation and amortisation of property, plant and equipment, intangible asset and right-of-use assets increased by RMB0.7 million or 0.2% YOY to RMB463.6 million for the year 2022.

Depreciation and amortisation expenses as a percentage of GSP increased by 0.5 percentage point to 3.5% from 3.0% in the year 2021.

Rental expenses

Rental expenses decreased by RMB12.4 million or 3.1% YOY to RMB383.9 million for the year 2022. The Group's rental arrangements were mainly pegged to the sales and rental income generated by the respective stores which operated in leased properties. Such decrease was attributable to the decrease in retail sales and rental income of these stores during the year 2022.

Rental expenses as a percentage of GSP increased by 0.3 percentage point to 2.9% from 2.6% in the year 2021.

Management Discussion and Analysis

Other expenses

Other expenses decreased by RMB99.4 million or 12.7% YOY to RMB681.0 million for the year 2022. Other expenses mainly included expenses for utilities, expenditure on advertising and promotional activities, costs for cleaning, repair and maintenance, fees for property management and other tax expenses.

The decrease was primarily attributable to the net effects of (i) the management's consistent and disciplined approach towards cost control; (ii) the increase in utilities costs by RMB5.6 million due to the increase in utility unit costs despite the decrease in utility consumptions as a result of the decrease in customer traffic and shortening of the opening hours or temporary closure of some of the Group's stores during the year 2022. The Group continues to take advantage of the intelligent property management measures in place to utilise utility resources effectively and efficiently; (iii) the decrease in cleaning, repair and maintenance expenses by RMB16.4 million as a result of the decrease in customer traffic and opening hours during the year 2022; and (iv) the decrease in other tax expenses by RMB63.3 million as a result of the government's epidemic relief measures granted during the year.

	2022 **RMB'000**	2021 RMB'000
Utilities expenses	**230,757**	225,191
Property management fees	**140,195**	143,951
Cleaning, repair and maintenance expenses	**105,624**	122,028
Advertising and promotion expenses	**36,315**	56,041
Other tax expenses	**27,948**	91,230
Subcontracting service charges	**10,048**	10,843
Loss on disposal/write-off of property, plant and equipment	**5,928**	2,530
Others	**124,225**	128,604
	681,040	780,418

Other expenses as a percentage of GSP remained stable at 5.1% in the year 2022.

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 RMB70.4 million or 88.4% YOY to RMB150.0 million for the year 2022 which was mainly because of (i) the increase in interest income from bank deposits by RMB51.1 million as more capital had been deployed in bank deposits during the year; and (ii) the increase in interest income from loans to third parties by RMB19.1 million during the year 2022. As at 31 December 2022, the aggregate balance of loans to third parties amounted to RMB847.4 million, representing an increase of RMB725.8 million as compared to the year 2021. Out of the loan balances, RMB662.9 million had been repaid as at the date of this report.

Management Discussion and Analysis

Finance costs

Finance costs mainly comprised of interest expenses for the Group's bank borrowings and senior notes. Finance costs increased by RMB107.9 million or 41.0% YOY to RMB370.7 million for the year 2022, which was primarily due to the increase in London and Hong Kong Interbank Offer Rates, which the Group's floating rate syndicated loan referred to, and the depreciation of RMB against USD and Hong Kong dollar ("HK$") during the year 2022.

Income tax expense

Income tax expense of the Group decreased by RMB33.9 million or 5.3% YOY to RMB603.8 million for the year 2022. Effective tax rate for the year under review was 44.2% (2021: 28.3%). The YOY increase of 15.9 percentage points in effective tax rate was mainly due to the increase in offshore non-deductible expenses, namely offshore net foreign exchange loss and interest expenses for the Group's offshore bank borrowings and senior notes.

Profit for the year

Profit for the year decreased by RMB849.4 million or 52.7% YOY to RMB762.9 million. Net profit margin, which represents net profit as a percentage of GSP, was 5.7% (2021: 10.5%) for the year 2022.

Profit from operations (net profit before interest, tax and other gains and losses) decreased by RMB166.5 million or 7.4% YOY to RMB2,078.5 million (2021: RMB2,245.0 million), while profit from operations before depreciation and amortisation (net profit before depreciation, amortisation, interest, tax and other gains and losses) ("EBITDA") decreased by RMB165.7 million or 6.1% YOY to RMB2,542.1 million (2021: RMB2,707.8 million).

On the other hand, profit from retail operations before depreciation and amortisation (net profit before depreciation, amortisation, interest, tax, other gains and losses and excluding profit from property sales and hotel operations) ("Retail EBITDA") decreased by RMB202.7 million or 7.6% YOY to RMB2,475.0 million in 2022 (2021: RMB2,677.7 million).

During the year 2022, the aggregate net operating losses generated by 3 (2021: 2) loss-making stores amounted to RMB18.1 million (2021: RMB17.0 million).

Capital expenditure

Capital expenditure of the Group for the year 2022 amounted to RMB226.6 million (2021: RMB333.3 million). The amount mainly comprised of contractual payments made for acquisition of 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 both the shopping environment and the Group's competitiveness in the markets.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2022, the Group's cash and near cash (including cash and cash equivalents and restricted/pledged bank balances) amounted to RMB7,889.9 million (2021: RMB7,677.5 million) whereas the Group's total borrowings (including bank borrowings and senior notes) amounted to RMB6,861.7 million (2021: RMB6,183.9 million). For the year ended 31 December 2022, the Group's net cash generated from operating activities amounted to RMB1,299.2 million (2021: RMB1,914.4 million); net cash used in investing activities amounted to RMB864.0 million (2021: net cash generated from investing activities amounted to RMB17.2 million); and net cash used in financing activities amounted to RMB271.9 million (2021: RMB950.4 million).

As at 31 December 2022, bank borrowings of the Group amounted to RMB4,227.0 million (2021: RMB3,777.7 million), which was its three-year dual-currency syndicated loan to be due in full in April 2024. Senior notes of the Group in the amount of RMB2,634.7 million (2021: RMB2,406.2 million) will be due in May 2023 and accordingly, the amount has been reclassified as current liability in the current year. The Group intends to use its internal resources and short-term banking facilities to finance the entire senior notes repayments in May 2023.

The total assets of the Group as at 31 December 2022 amounted to RMB25,652.0 million (2021: RMB24,962.1 million) whereas the total liabilities of the Group amounted to RMB16,268.6 million (2021: RMB16,325.6 million), resulting in a net assets position of RMB9,383.4 million (2021: RMB8,636.5 million). The gearing ratio, which is calculated by the Group's total borrowings divided by its total assets, increased to 26.7% as at 31 December 2022 (2021: 24.8%).

FOREIGN EXCHANGE EXPOSURE

Certain bank balances, equity investments, bank loans and senior notes of the Group are denominated in USD or HK$, which exposed the Group to foreign exchange risks associated with the fluctuations in exchange rates between USD against RMB and HK$ against RMB. Currently, the Group has not entered into any contracts or arrangements to hedge against its foreign currency exposure and will consider hedging measures should the needs arise. For the year ended 31 December 2022, the Group recorded a net foreign exchange loss of RMB567.1 million (2021: a net foreign exchange gain of RMB144.7 million). The Group's operating cash flows are not subject to any foreign exchange fluctuation.

EMPLOYEES

As at 31 December 2022, the Group employed a total of 2,115 employees (2021: 2,590 employees) with remuneration in an aggregate amount of RMB326.2 million for the year 2022 (2021: RMB381.0 million). The Group's remuneration policies are formulated with reference to market practices, experiences, skills and performances of the individual employees and are reviewed every year.

Directors and Management Profiles

The Directors and senior management of the Group as at the date of this report are as follows:

DIRECTORS

Executive Directors

Mr. Wang Hung, Roger (王恒), aged 74, is the chairman of the Company and is responsible for the overall management, strategic planning and major decision-making of the Group. Mr. Wang obtained a bachelor degree in Economics from Chinese Culture University of Taiwan and a master degree in Business Administration ("MBA") from Southeastern Louisiana University of the United States of America in 1969 and 1973 respectively. Mr. Wang established Transpacific Management Inc. in the United States of America in 1978 and was the president of the company. He established Golden Eagle International Group in 1992 and has been its chairman since then. Mr. Wang was awarded the Honorary Citizen of Nanjing in 1994 and also awarded Entrepreneur of the Year 2011 China by Ernst & Young. He was an executive vice president of the Fifth Council of Nanjing City Overseas Exchange Association (南京市海外交流協會) in 2016 and was the chairman of Committee of 100 during the period from May 2018 to May 2021. Mr. Wang is now the permanent honorary chairman of Jiangsu Haixie Education Foundation (江蘇海協教育基金會), permanent honorary president of Jiangsu Overseas Chinese Merchants Association (江蘇省僑商總會) and a mentor at Nanjing University Student Employment and Start Up Centre. He has over 45 years of experience in the development and management of real estate and department store retailing and has served the Group for more than 30 years. Mr. Wang has not held any directorship in any other listed companies in the last three years immediately preceding the date of this report.

Mr. Tan Jianlin (談建林), aged 59, joined the Group in February 2022 as a president, responsible for the Group's overall operations management and has been appointed as an executive Director of the Company and the chief executive officer of the Group since 18 August 2022. Mr. Tan graduated from Southeast University (東南大學) with a bachelor degree and a master degree in engineering in 1985 and 1988 respectively. Mr. Tan has long been engaged in business operation and management work with 36 years of experience holding managerial positions in the fields of information technology, merchandising and operations management. From 2013 to February 2022, Mr. Tan served as the vice president, president, chief executive officer of Nanjing Central Emporium (Group) Stocks Company Limited (南京中央商場(集團)股份有限公司) (a company listed on the Shanghai Stock Exchange) (the "Central Group") and was a director of the Central Group from 29 April 2019 to 2 June 2022. Mr. Tan had also served as (i) the general manager of retail operation segment of Suning Universal Company Limited (蘇寧環球股份有限公司) from 2012 to 2013; (ii) the general manager of retail operation segment of Nanjing Global Era Group Co., Ltd. (南京僑鴻國際集團有限公司) from 2007 to 2012; (iii) the general manager of Nanjing New City Commercial Real Estate Company Limited (南京新城市商業置業有限公司) from 2001 to 2007; (iv) the general manager of the information technology department and the store manager of Nanjing Xinjiekou Store under the Group's wholly-owned subsidiary, Golden Eagle International Retail Group (China) Co., Ltd. (金鷹國際商貿集團(中國)有限公司) from 1995 to 2001; and (v) the software engineer of Jiangsu Computing Technology Research Center Company Limited (江蘇省計算技術研究所) from 1988 to 1995. Save for the above, Mr. Tan has not held any directorship in any other listed companies in the last three years immediately preceding the date of this report.

Directors and Management Profiles

Independent non-executive Directors

Mr. Wong Chi Keung (黃之強), aged 68, has been serving the Company since February 2006. Mr. Wong holds an MBA degree from University of Adelaide in Australia. He is a fellow member of Hong Kong Institute of Certified Public Accountants, The Association of Chartered Certified Accountants and CPA Australia; an associate member of The Hong Kong Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) and The Chartered Institute of Management Accountants. Mr. Wong is a Responsible Officer for the licensed activities of asset management and advising on securities for Beagle Asset Management Company Limited (formerly known as CASDAQ International Capital Market (HK) Company Limited) under the Securities and Futures Ordinance of Hong Kong since 19 April 2016. Mr. Wong has over 46 years of experience in finance, accounting and management. Mr. Wong was an executive director, the deputy general manager, group financial controller and company secretary of Yuexiu Property Company Limited (formerly known as Guangzhou Investment Company Limited), a company listed on the Stock Exchange, for over 10 years since December 1992. He currently also serves as an independent non-executive director and a member of the audit committee of various companies listed on the Stock Exchange, including Asia Orient Holdings Limited, Asia Standard International Group Limited, Asia Standard Hotel Group Limited, Century City International Holdings Limited, China Ting Group Holdings Limited, Changyou Alliance Group Limited (formerly known as Fortunet e-Commerce Group Limited), Yuan Heng Gas Holdings Limited (formerly known as Ngai Lik Industrial Holdings Limited), Paliburg Holdings Limited, Regal Hotels International Holdings Limited and Zhuguang Holdings Group Company Limited respectively. Mr. Wong is also an independent non-executive director of TPV Technology Limited which was privatised with effect from 14 November 2019. Mr. Wong was an independent non-executive director of Guoan International Limited during the period between 13 April 2021 to 9 June 2021. Save for the above, Mr. Wong has not held any directorship in any other listed companies in the last three years immediately preceding the date of this report.

Mr. Lay Danny J (雷王鯤), aged 71, was elected as an independent non-executive Director of the Company on 21 May 2014. Mr. Lay graduated with a B.S. in Physics from Chung Yuan University of Taiwan and obtained an MBA degree from Drury University in Missouri of the United States of America. Mr. Lay is a certified executive coach, through the Columbia University Executive Coaching Certification Program, and also certified by the International Coach Federation. He also served as a director and a member of the Board of Trustees at Drury University in Missouri of the United States of America from 2015 to 2021. Mr. Lay has over 38 years of experience in operational management. He was (i) the Special Assistant to the Governor of the State of Missouri, United States of America; (ii) the Commissioner for U.S. Banks; (iii) the General Manager of Ridge Tool Asia Pacific; (iv) the Director of Ridge Tool (Australia) Pty. Ltd., Leroy Somer Electro-Technique (Fuzhou) Co., Ltd., Tsubaki Emerson Co. Osaka, Japan, ClosetMaid (Jiangmen) Ltd., Tsubaki Emerson HSC (Tianjin) Co., Emerson Electric (China) Holdings Co., Ltd., Zhejiang Emerson Motor Co. Ltd., Emerson Electric (M) Sdn. Bhd., Emerson Electric (Thailand) Ltd., the Director and President of Emerson Electric Company, Greater China; (v) the Chairman and General Manager of Emerson Trading (Shanghai) Co., Ltd.; (vi) the Managing Director of Emerson Electric (Taiwan) Co., Ltd.; (vii) the Business Leader of Emerson Commercial and Residential Solutions, Asia Pacific Region; (viii) the Vice President of Business Development & Operations, Emerson Electric Company, South-east Asia Region; (ix) the Chairman and Director of Emerson Professional Tools (Shanghai) Ltd. and (x) the Director of Emerson Junkang Enterprise (Shanghai) Co., Ltd.. Mr. Lay was also an independent non-executive director of Forward Electronics Company, Limited (a company listed on the Taiwan GreTai Securities Market) during the period between 23 June 2016 to 9 August 2021. Save for the above, Mr. Lay has not held any directorship in any other listed companies in the last three years immediately preceding the date of this report.

Directors and Management Profiles

Mr. Lo Ching Yan (盧正昕), aged 79, was elected as an independent non-executive Director of the Company on 23 May 2019. Mr. Lo graduated from National Chengchi University of Taiwan with a bachelor degree in International Trade and obtained an MBA degree in 1970 and an Honorary Doctor's degree in Law in 2008 from Indiana State University of the United States of America. Mr. Lo has been a banker for more than 44 years. He served as a vice president at Citibank in New York from 1970 to 1976, and was seconded to Citibank in Taiwan from 1976 to 1986. He handled high-value syndicated loans for national corporations and unsecured term loans for small and medium enterprises during his term of office in Taiwan. He established Bank SinoPac (with total assets amounted to US$50 billion in 2008) in Taiwan in 1992 and became its chief executive officer. In 1997, Bank SinoPac acquired Far East National Bank in California and he became the chairman of Far East National Bank. From 1997 to 2002, he also acted as the chief advisor of First Sino Bank in Shanghai for 5 years to assist its growth during its start-up period. He established SinoPac Holdings Company Limited in 2002, which engages in commercial banking, securities and insurance. In 2010, he became the chairman of Cosmos Bank in Taiwan and was responsible for improving its business performance. In 2014, he left Cosmos Bank upon its acquisition by China Development Financial Holding Corporation, and became the chief executive officer of Taurus Investment Corporation. Mr. Lo has not held any directorship in any other listed companies in the last three years immediately preceding the date of this report.

SENIOR MANAGEMENT (MEMBERS FROM THE CHAIRMAN'S OFFICE)

Ms. Zhang Wenyu (張文煜), aged 52, is a vice president of the Group. Ms. Zhang obtained an MBA degree from Nanjing University (南京大學) in 2011. She joined the Group in 2011 as the director of the finance department. She was re-designated to Nanjing Xinbai Holdings Group Co., Ltd. as director of the finance department and assistant general manager. She was re-designated to the Group in August 2015 as assistant president and was promoted as a vice president of the Group in February 2017. She is responsible for the Group's financial management. Ms. Zhang has over 31 years of experience in financial management and has served the Group for more than 11 years.

Ms. Tai Ping, Patricia (戴苹), aged 50, is the Chief Financial Officer of the Group. Ms. Tai obtained a double bachelor degree in Accounting and Information System from Monash University, Australia in 1995. Ms. Tai is a fellow member of Hong Kong Institute of Certified Public Accountants and CPA Australia. Ms. Tai joined the Group in September 2008 as an assistant president of the Group and was promoted as the Chief Financial Officer in April 2009. She has also served as the Company Secretary of the Company from December 2010 onwards. Ms. Tai has over 27 years of experience in auditing and financial management and has served the Group for more than 14 years.

Mr. Xiao Yong (肖勇), aged 39, is an assistant president of the Group. Mr. Xiao graduated with a B.S. in Economics from Southwest University of Science and Technology (西南科技大學) in 2007 and obtained an MBA degree from Sichuan University (四川大學) in 2017. Mr. Xiao joined Golden Eagle International Group in November 2021 as a senior director and was promoted and re-designated to the Group as an assistant president in July 2022. He is responsible for the Group's human resources management and has over 15 years of experience in human resources management.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

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

The Directors are of the opinion that, save for the deviation from code provision C.2.1., details of which are set out in the paragraphs headed “Chairman and Chief Executive Officer” below, the Company has complied with the code provisions as set out in the Corporate Governance Code (the “CG Code”) under Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) which were in force for the year ended 31 December 2022.

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

THE BOARD

The Board plays a central leading and supervisory role in the Company and its subsidiaries (the “Group”) and is responsible for promoting the success of the Group by directing and supervising its affairs in a responsible and effective manner.

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

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

BOARD COMPOSITION

During the period between 1 January 2022 to 17 August 2022, the Board comprised four members, including one executive Director, Mr. Wang Hung, Roger (Chairman) (“Mr. Wang”) and three independent non-executive Directors, Mr. Wong Chi Keung, Mr. Lay Danny J and Mr. Lo Ching Yan. With effect from 18 August 2022, Mr. Tan Jianlin (談建林) was appointed as an executive Director and the Board comprised five members thereafter. Other than being members of the Board and Mr. Tan Jianlin being chief executive officer (“CEO”) of the Company, there is no other relationship between the members of the Board. The Board believes that the composition of the Board is reasonable and adequate to provide sufficient checks and balances that serve to safeguard the interests of the Company and its shareholders as a whole.

Corporate Governance Report

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

During the year ended 31 December 2022, the Board had at all times met the relevant requirements under the Listing Rules relating to the appointment of at least three independent non-executive Directors (representing not less than one-third of the Board), with at least one independent non-executive Director possessing appropriate accounting and related financial management expertise. The independence of the independent non-executive Directors is assessed according to the relevant rules and requirements under the Listing Rules. The Company has received from each of the independent non-executive Directors a confirmation of his independence in accordance with Rule 3.13 of the Listing Rules and the Company is of the view that all independent non-executive Directors met the independence guidelines and are independent in accordance with the relevant rules and requirements.

The Nomination Committee has reviewed the Board's structure, size, diversity and composition to ensure that it has a balance of expertise, skills, independence and experience appropriate to the requirements of the Group's business development and operations and that it satisfies the requirements under the Board Diversity Policy (as defined below), save and except that the Company shall appoint at least one Director of different gender.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the year under review, 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.

Under the Code provision C.2.1, the roles of chairman and CEO should be separate and should not be performed by the same individual. During the period between 1 January 2022 and 17 August 2022, Mr. Wang acted as both the Chairman of the Board and the CEO of the Company, responsible for the overall strategic development of the Group, including the acceleration of the Group's digitalisation and business transformation. The Group's senior management team are responsible for assisting Mr. Wang in the implementation of business strategies and management of the day-to-day operations of the Group's business. On 18 August 2022, Mr. Tan Jianlin has been appointed as an executive Director and the CEO of the Company and provision C.2.1 of the Code has been complied with since then.

APPOINTMENT, RE-ELECTION AND REMOVAL

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

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

Corporate Governance Report

Each of the non-executive Directors was appointed for a specific term of one year.

As at the date of this report, the Board comprises five Directors and all are male. One of them, namely Mr. Tan Jianlin, is in the age group of 50 – 59. One of them, namely Mr. Wong Chi Keung, is in the age group of 60 – 69 and the remaining three of them, namely Mr. Wang, Mr. Lay Danny J and Mr. Lo Ching Yan are in the age group of 70 – 79. We have three senior management. One of them is male and two of them are female and one of them is in the age group of 30 – 39 and the remaining two of them are in the age group of 50 – 59.

DIRECTORS NOMINATION POLICY

The procedures for nominating Directors are set out under the directors nomination policy of the Company. The secretary of the Company shall call a meeting of the Nomination Committee, and invite nominations of candidates from Board members for consideration by the Nomination Committee. The Nomination Committee may also put forward candidates who are not nominated by Board members. The factors which would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate for the role of Director include, inter alia, integrity, professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy, willingness to devote adequate time to discharge duties as a Board member, diversity of the Board, and such other perspectives relevant to the Company's business. The Nomination Committee shall make recommendations for the Board's consideration and approval.

DIVERSITY OF THE BOARD

The Company has adopted a board diversity policy ("Board Diversity Policy") to achieve board diversity taking into account a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered based on objective criteria, having due regard to the benefits of diversity on the Board.

The Nomination Committee monitors the implementation of the board diversity policy to ensure its effectiveness. The Company will appoint at least one Director of different gender in accordance with the requirements of the Listing Rules on or before 31 December 2024.

NUMBER OF MEETINGS AND DIRECTORS' ATTENDANCE

During the year ended 31 December 2022, two Board meetings were held and three set of unanimous written resolutions of the Directors were passed. Notice of regular Board meetings is given to all Directors at least 14 days before each meeting, and all Directors were given the opportunity to include matters in the agenda for discussion at the Board meetings. The agenda and meeting materials, including relevant background information and supporting analysis, are normally sent to all Directors at least three days before each regular Board meetings (and so far as the same were practicable for such other Board meetings) to ensure that the Directors would have sufficient time and attention to the affairs of the Company. The individual attendance of the Directors at the two Board meetings was as follows:–

Corporate Governance Report

Mr. Wang Hung, Roger (2/2)
Mr. Tan Jianlin (appointed on 18 August 2022) (1/2)
Mr. Wong Chi Keung (2/2)
Mr. Lay Danny J (2/2)
Mr. Lo Ching Yan (2/2)

During the year ended 31 December 2022, one general meeting was held. The individual attendance of each of the Directors at the general meeting was as follows:–

Mr. Wang Hung, Roger (1/1)
Mr. Tan Jianlin (appointed on 18 August 2022) (0/1)
Mr. Wong Chi Keung (1/1)
Mr. Lay Danny J (1/1)
Mr. Lo Ching Yan (0/1)

PRACTICES AND CONDUCT OF MEETINGS OF THE BOARD AND BOARD COMMITTEES

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

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

Each Director is required to disclose his interests or potential conflicts of interests, if any, in any proposed transactions or issues discussed by the Directors at the Board and board committee meetings. A Director shall be required to abstain from voting on any resolution of the Board and board committees approving any contract or arrangement or any other proposal in which he (or his associates) is materially interested nor shall he be counted in the quorum present at the meeting.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiries have been made to all Directors, and the Directors have confirmed that they have complied with all relevant requirements as set out in the Model Code during the year ended 31 December 2022. The Company will from time to time reiterate and provide reminders to the Directors regarding the procedures, rules and requirements to be complied with by them in relation to Directors' dealings in securities.

Corporate Governance Report

ACCOUNTABILITY AND AUDIT AND AUDITOR'S REMUNERATION

The Directors acknowledge their responsibility for the preparation of the financial statements which give a true and fair presentation of the state of affairs of the Group for the year ended 31 December 2022. This responsibility has also been mentioned in the Independent Auditor's Report on pages 103 to 107 of this annual report.

In preparing the financial statements for the year ended 31 December 2022, the Board (a) adopted all applicable accounting and financial reporting standards, including but not limited to the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants; (b) selected suitable accounting policies and applied them consistently; (c) made prudent and reasonable judgements and estimates; and (d) ensured that the financial statements were prepared on a going concern basis.

The Directors are also responsible for ensuring timely publication of the Group's financial statements. The Company aims to present a clear, balanced and understandable assessment of the Group's performance and position through all its publications and communications to the public and is aware of the requirements under the applicable rules and regulations about timely disclosure of inside information. The annual results of the Group for the year ended 31 December 2021 and the interim results of the Group for the six months ended 30 June 2022 were published within 3 months and 2 months respectively after the end of the relevant periods to provide stakeholders with transparent and updated financial information of the Group.

The statement by the auditors of the Company about their reporting responsibilities is set out on pages 103 to 107 of this annual report. The auditors of the Company received approximately RMB2.61 million for the provision of audit services rendered during the year ended 31 December 2022 and no non-audit services had been rendered by the auditors of the Company during the year under review.

RISK MANAGEMENT, INTERNAL CONTROL AND THEIR EFFECTIVENESS

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

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

During the year ended 31 December 2022, the internal audit department had conducted reviews on the effectiveness of the internal control and risk management system covering all material factors related to financial, operational, compliance control, various functions for risk management and asset and information security. Two bi-annual internal control reports containing its findings and results were reported to the Audit Committee during the Audit Committee meetings and had been delivered to all Directors for review.

Corporate Governance Report

The management of the Company had reported during the Audit Committee meetings the key findings identified by the Company's external auditors in respect of the Group's internal control and risk management system and discussed findings and actions or measures taken in addressing those findings. The Company considers the internal control and risk management system is effective and adequate during the year under review. No material issues on the Group's internal control and risk management system have been identified by the Group's internal audit department and the Company's external auditors during the year ended 31 December 2022 which required significant rectification works.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy"), pursuant to which the Company may distribute dividends to the shareholders of the Company by way of cash or shares. Any distribution of dividends shall be in accordance with the Articles of Association of the Company and the laws of the Cayman Islands and the distribution shall have due regard to the continuity, stability and sustainability of the Company.

The recommendation of the payment of any dividend is subject to the absolute discretion of the Board. In proposing any dividend payout, the Board shall also take into account, inter alia, the Group's earnings per share, the reasonable return in investment of the investors and the shareholders in order to provide incentive to them to continue to support the Group in long-term basis, the financial conditions and business plan of the Group, and the market sentiment and circumstances at the material time.

The Dividend Policy will be reviewed from time to time and there is no assurance that a dividend, or a dividend of specific amount, will be proposed or declared in any specific periods.

CONTINUOUS PROFESSIONAL DEVELOPMENT

The Directors have complied with the requirement under the code provision C.1.4 of the CG Code regarding continuous professional development. A summary of the trainings received by each of the Directors during the year ended 31 December 2022 is as follows:

	Reading	Attending training programs
Mr. Wang Hung, Roger	√	√
Mr. Tan Jianlin (appointed on 18 August 2022)	√	√
Mr. Wong Chi Keung	√	√
Mr. Lay Danny J	√	√
Mr. Lo Ching Yan	√	√

BOARD COMMITTEES

During the year ended 31 December 2022, there were three board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee with specific terms of references to assist the Board in discharging its responsibilities.

Audit Committee

During the year ended 31 December 2022, the Audit Committee comprises three independent non-executive Directors, namely Mr. Wong Chi Keung, Mr. Lay Danny J and Mr. Lo Ching Yan. The Audit Committee is chaired by Mr. Wong Chi Keung, who is a certified public accountant. The principal functions of the Audit Committee are to review and supervise the Group's financial reporting processes and internal control and risk management system.

During the year ended 31 December 2022, the Audit Committee reviewed the Group's interim and annual financial statements and the effectiveness of the Group's internal control and risk management system. The Audit Committee had performed the following works:

(a) reviewed the financial reports for the year ended 31 December 2021 and for the six months ended 30 June 2022;
(b) reviewed the accounting principles and practices adopted by the Group and ensured the compliance with the relevant accounting standards, the Listing Rules and other statutory requirements;
(c) reviewed the effectiveness of the internal control and risk management system;
(d) reviewed the findings and recommendations of the internal audit department and the Company's external auditors on the operations of the Group; and
(e) reviewed and recommended to the Board the audit scope and auditor's remuneration for the year ended 31 December 2022.

During the year ended 31 December 2022, two Audit Committee meetings were held. The individual attendance of its members is as follows:–

Mr. Wong Chi Keung (2/2), Mr. Lay Danny J (2/2) and Mr. Lo Ching Yan (2/2).

Remuneration Committee

During the year ended 31 December 2022, the Remuneration Committee comprises an executive Director, Mr. Wang Hung, Roger; and two independent non-executive Directors, Mr. Wong Chi Keung and Mr. Lay Danny J. The Remuneration Committee is chaired by Mr. Lay Danny J.

The principal functions of the Remuneration Committee are (i) to make recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management in order to retain and attract talents to manage the Group effectively; (ii) to determine, with the delegated responsibility, the specific remuneration packages of all executive Directors and senior management; (iii) to assess the performance of the executive Directors; and (iv) to approve the terms of the service contracts of the executive Directors. The Directors and their associates do not participate in the decisions in relation to their own remuneration. On 22 March 2023, the terms of reference of the Remuneration Committee have been amended and the committee is also delegated with the duties of reviewing and approving matters relating to share schemes of the Company.

Corporate Governance Report

During the year ended 31 December 2022, the Remuneration Committee had reviewed the Group's policy on the remuneration of all Directors and senior management and one Remuneration Committee meeting was held. The individual attendance of its members is as follows:–

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

Nomination Committee

During the year ended 31 December 2022, the Nomination Committee comprises an executive Director, Mr. Wang Hung, Roger; and two independent non-executive Directors, Mr. Wong Chi Keung and Mr. Lay Danny J. The Nomination Committee is chaired by Mr. Wang Hung, Roger, the Chairman of the Board.

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

During the year ended 31 December 2022, one Nomination Committee meeting was held. The individual attendance of its members is as follows:–

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

CORPORATE GOVERNANCE FUNCTION

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

COMPANY SECRETARY

The Company Secretary is Ms. Tai Ping, Patricia. Her biographical details are set out in the section headed "Directors and Management Profiles" of this report. The Company Secretary took no less than 15 hours of relevant professional trainings during the year ended 31 December 2022 as required by the Listing Rules.

Corporate Governance Report

COMMITMENT TO TRANSPARENCY

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

- the Company's annual general meetings and extraordinary general meetings
- analysts' briefings, press conferences and publication of the Group's results presentations on the website of the Company following the announcements of interim and annual results
- timely updates of the Group's information on the websites of the Company and the Stock Exchange
- meetings with shareholders and the investing public
- prompt press releases and announcements regarding major corporate actions and business initiatives

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

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

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

Corporate Governance Report

AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

To bring the memorandum of association and articles of association of the Company (the "Memorandum and Articles") in line with the relevant requirements of the applicable laws of the Cayman Islands and the Listing Rules, the Company's shareholders passed a special resolution at the annual general meeting held on 2 June 2022 to adopt a new set of amended and restated Memorandum and Articles. Details of the major amendments brought about by the adoption of the new amended and restated Memorandum and Articles are set out in the Company's circular dated 30 April 2022. The amended and restated Memorandum and Articles is available on the Company's website.

SHAREHOLDERS' RIGHTS

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

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

Enquiries to the Board

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

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

Environmental, Social and Governance Report

The Group's Environmental, Social and Governance (the "ESG") report is prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Group has complied with all of the "comply or explain" provisions as set out in the Environmental, Social and Governance Reporting Guide for the year ended 31 December 2022.

The Group is principally engaged in the development and operation of lifestyle centre and stylish department store chain in the People's Republic of China (the "PRC"). Apart from this, the Group also engages in property development and hotel operation at a relatively smaller scale. This report mainly focuses on the sustainability policies, performance and initiatives in respect of the Group's Nanjing headquarter, its lifestyle centre and stylish department store chain operations as well as its relevant employees, and conforms to the following principles:

Materiality:	The Group identifies key ESG areas to be concerned through stakeholder engagement and materiality assessment, and formulates specific strategies and improvement plans.
Quantitative:	This report presents the key environmental and social performance indicators in quantitative terms, accompanies with quantitative data descriptions, explains its purpose and impact, and provides comparative data.
Balance:	This report provides an unbiased picture of the Group's current performance on ESG management following the principle of balance.
Consistency:	The data disclosure and statistical methods used in this report are consistent with those of the 2021 ESG report to ensure the comparability of information.

Environmental, Social and Governance Report

BUSINESS PHILOSOPHY

As a leading retail store operator in the PRC, the Group is committed to its conduct as a responsible, ethical and sustainable corporate citizen. We strive to offer a one-stop shopping experience that focuses upon providing our customers with a wide range of quality merchandise and services in a convenient, comfortable and joyous shopping environment.

Customers:	Our mission is to operate one-stop comprehensive lifestyle retail stores so as to provide our customers a pleasant shopping experience.
Employees:	Our employees are our valuable assets. We treat them with fairness and respect, and maintain a working environment that allows them to unleash their full potentials.
Business partners:	We work with our business partners with diligence, fairness and integrity. At the same time, we encourage our business partners to embrace high standards of corporate responsibility similar to those of ours.
Community:	We are dedicated to unremittingly serve and contribute to the communities in which our business is operated.
Shareholders and Investors:	We endeavour to create sustainable returns to our shareholders and investors.

GOVERNANCE STRUCTURE

The board of directors of the Company (the "Board") is the highest governing body of the Group. It is responsible for formulating the Group's overall management objectives, strategies, priorities and goals in relation to the ESG aspects and is also in charge of supervising their implementations. The ESG Committee comprises the executive directors of the Company, the senior management from the Chairman's office of the Group as well as senior members from various operating departments, and is responsible for the formulation, implementation and daily governance of the overall ESG strategies of the Group.

Members of the ESG Committee are responsible for the formulation and implementation of the relevant ESG objectives in relation to various aspects of operations as well as the collection and reporting of the relevant information. It is also the responsibility of the members to submit relevant performance and annual reports in relation to the ESG issues to the Board on a regular basis. They also endeavour to continuously improve the reporting mechanism in relation to various ESG issues, which will allow the Board to be fully aware of the initiatives in relation to the ESG issues of various aspects of operations of the Group and their subsequent implementation and the follow-up progress, as well as the relevant governance system and measures in relation to the potential risks of the ESG issues of the Group.

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To implement the strategic initiatives in relation to the ESG issues more effectively and to monitor the possible ESG-related risks, the ESG Committee will also hold meetings on a regular or ad-hoc basis, depending on the actual circumstances to assess, formulate and adjust relevant strategies. Regular meetings will be held with sub-units under the ESG Committee to follow up the implementation of the relevant policies and standards in relation to various aspects of operation of the Group. Meanwhile, the ESG Committee will also promptly seek assistance from the relevant departments, such as legal and internal audit departments, in case necessary in order to assess the possible risks which the Group may be exposed to, and formulate the corresponding responses and monitoring measures.

Playing a crucial role in the implementation of strategic initiatives in relation to the ESG issues of the Group, the ESG Committee will continuously get acquaint themselves with the trends, developments and changes in ESG issues, striving to promote an effective incorporation of the Group's strategies in relation to the ESG issues into the corporate's daily decision-making processes and business operations. It is believed that with the collaboration of various operating levels, the efforts made by the Group in the relevant aspects will strenuously ensure itself a high level of corporate responsibility standard in relation to the ESG issues.

COMMUNICATION WITH STAKEHOLDERS

Stakeholders of the Group include local governments and regulators, shareholders and investors, employees, brand suppliers, rental tenants, customers, and the community. The Group attaches high importance on our communication with stakeholders. Effective channels have been established for communication with stakeholders. Issues of concern in respect of corporate social responsibilities have been discussed in order to facilitate the realisation of mutual growth for both parties.

MATERIALITY ASSESSMENT

The Group regularly reviews major ESG-related issues to align our strategies and long-term objectives of ESG management and to create value for stakeholders and businesses. We have identified three major ESG issues covering environment, social and operating practices in accordance with the requirements of the ESG Reporting Guide. According to the industry natures and the importance of issues to the business development and stakeholders, ESG issues are arranged in their order of prioritisation through ESG materiality assessment model to define key issues. All assessment results are reviewed by the ESG committee.

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A. ENVIRONMENT

		2022	2022 (Intensity by square metre) (Note 1)	2021	2021 (Intensity by square metre) (Note 1)	2020	2020 (Intensity by square metre) (Note 1)
Natural gas consumption	cube metre	**3,652,305**	**1.459**	3,394,343	1.356	2,909,849	1.182
Water consumption	cube metre	**3,200,195**	**1.278**	3,372,346	1.347	2,918,879	1.185
Electricity consumption	kWh	**378,809,062**	**151**	395,973,012	158	359,389,616	146
Total greenhouse gas emission	ton CO_2e	**305,414**	**0.122**	318,630	0.127	288,942	0.117
– Direct (Scope 1) greenhouse gas emissions	ton CO_2e	**5,359**	**0.002**	4,980	0.002	4,269	0.002
– Energy indirect (Scope 2) greenhouse gas emissions	ton CO_2e	**300,055**	**0.120**	313,650	0.125	284,673	0.115
Total non-hazardous waste produced	ton	**2,735,579**	**1.093**	2,889,078	1.154	2,355,613	0.957
– Sewage	ton	**2,673,750**	**1.068**	2,821,143	1.127	2,292,867	0.931
– Other non-hazardous wastes	ton	**61,829**	**0.025**	67,935	0.027	62,746	0.026

Notes:

1. Total gross floor area, excluding the Group's managed store, of 2,503,623 square metres (2021: 2,503,623 square metres and 2020: 2,462,556 square metres) is used for computation of intensity by square metres.

2. The statistics above changed as compared with that of 2021, which was primarily attributable to the net effects of the followings:

   (i) Against the backdrop of the volatile pandemic situation in 2021, most of the Group's stores operated normal throughout the year, except for some of the Group's stores at certain cities were temporarily shortened their opening hours and/or closed due to the resurgence of the regional outbreaks, which resulted in an overall increase of the Group's emissions, consumption and waste for the year as compared with those of 2020. In 2022, the volatile situation continues, some of the Group's stores temporarily shortened their opening hours and/or closed, such as during the period from March to May 2022, which led to the decrease of the Group's overall statistics as compared with those of 2021;

   (ii) Ma'anshan Store's full year emissions, consumption and waste increased as compared with those of 2021 which was due to the increase in the operating area of Ma'anshan Store by approximately 40,870.88 square metres in the second half of 2021;

   (iii) Since the winter of 2022 is longer than that of 2021 and the number of extremely cold days is more, therefore, the days that require heating increased which led to the increase in natural gas consumption for 2022;

   (iv) In response to the requirements of national and local governments, the Group continued to optimise the operation of its air conditioning systems, adjusted the operating time of rear access and non-essential illuminations such as indoor light strips, outdoor floodlights and some of the elevators to save electricity, which saved approximately 8.00 million kWh of electricity for the year, represented 2.11% of the Group's total electricity consumption in 2022;

(v) In order to enhance both the store's shopping environment and their competitiveness in the local markets, some stores have undergone major store revamp and upgrade in 2021, including Ma'anshan Store, Suqian Store, Nantong Lifestyle Centre and Nanjing Golden Eagle World Store, which resulted in an increase in non-hazardous building waste produced during the year; and

(vi) Sewage is mainly generated by catering tenants and has been decreased by 5.2% from 2.82 million tonnes in 2021 to 2.67 million tonnes in 2022 while intensity by square metre has been decreased by 5.2% from 1.127 tonnes per square metre in 2021 to 1.068 tonnes per square metre in 2022. Due to the volatile pandemic situation in 2022, most of the catering tenants were required to temporarily shortened their opening hours and/or closed during the regional outbreaks, which led to the decrease in sewage generated by the catering tenants.

The Group has complied with the following laws and regulations of the PRC in all material respects to ensure protection of the environment during its operations:

(i) Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法)
(ii) Energy Conservation Law of the People's Republic of China (中華人民共和國節約能源法)
(iii) Law of the People's Republic of China on Prevention and Control of Water Pollution (中華人民共和國水污染防治法)
(iv) Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution (中華人民共和國大氣污染防治法)
(v) Law of the People's Republic of China on Prevention and Control of Solid Waste Pollution to the Environment (中華人民共和國固體廢物污染環境防治法)
(vi) Law of the People's Republic of China on Prevention and Control of Noise Pollution to the Environment (中華人民共和國環境噪聲污染防治法)
(vii) Emission Standard of Cooking Fumes of the Catering Industry (GB18483-2001) (飲食業油煙排放標準)

Emission

While creating social and economic value with an aim to minimising the impact of our business on the environment, the Group dedicates our effort to establishing sustainable development and acting as a responsible corporation in discharging our social responsibilities. To achieve these objectives, we strive to take appropriate measures to ensure that correct decisions and executions are made at all levels of our operations. The Group encourages not only its employees to be socially responsible, but also its customers, business partners and construction contractors.

The Group's lifestyle centre and stylish department store chain are located in various provinces and cities of the PRC. The primary sources of greenhouse gas emissions produced by the Group comprise the consumption of electricity, water and natural gas. The major part of electricity consumption comes from air conditioning systems, elevators and escalators, general lightings, and plumbing and drainage systems of the Group's stores and properties. As compared to electricity, water consumption is relatively insignificant, and is mainly for domestic water usage and sanitary facilities. Natural gas consumption is mainly for heating. The discharge of non-hazardous wastes are mainly from construction wastes, sewage, domestic and kitchen wastes. As a vast majority of the Group's construction and renovation work for building and refurbishment of its retail floor space were outsourced to contractors who would be responsible for handling all construction wastes, the Group did not produce any material construction wastes. Nevertheless, the Group strives to reduce the needs for renovation and refurbishment, progressively unifies our interior counter design to minimise construction wastes. The Group also encourages its contractors to adopt environmental-friendly construction processes and to use environmental-friendly building materials (such as adhesives, paints, coatings, etc.) and services. The Group does not produce any hazardous waste in its operations.

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The Group focuses on measuring and reporting carbon reduction results, and promote waste reduction at source. Accordingly, the Group has established an effective waste management approach to ensure compliance with the relevant laws and regulations in relation to waste collection and treatment in order to minimise our impact on the surrounding environment. To strictly comply with the relevant requirements on sewage and waste discharge, the Group obtains pollutant discharge permits issued by the local governments for sewage discharge and appoints government-approved professional firms to carry out separation, removal and discharge the floating materials in the sewage pool. The sewage after filtering will then be discharged to the municipal sewage pipelines and the Group conducts regular check-ups in accordance with the governmental requirements. Domestic wastes are classified, recycled and discharged by government-approved professional firms to the government designated combustion plants for incineration and power generation. In order to ensure the effective implementation of the relevant environmental standards, government environmental protection authorities will inspect the Group's waste management regularly and the Group has all along facilitated such inspections.

Kitchen wastes are mainly generated by our catering tenants which are also responsible for its subsequent handlings. The Group provides guidance to our catering tenants to promote reduction of unnecessary kitchen wastes in food preparation and consumption. At the same time, the Group has unified procedures to ensure our catering tenants collect and treat of kitchen waste strictly in accordance with the principles and requirements set by the government. As opposed to dumpling, land filling or selling kitchen waste in an illegal manner, we will ensure our catering tenants enter into disposal agreements with the municipal city government departments or designated professional firms with relevant expertise to carry out the collection and removal of kitchen wastes. These wastes will be transported to the treatment plants operated by the local governments, where engine oil and lubricating oil will be extracted after water removal, and other wastes will be discharged to the incineration plant for incineration, or processed into organic fertiliser.

Sewage is mainly generated by catering tenants. In order to improve drainage efficiency and minimise environmental pollution, all catering tenants are required to install fixed gauze filters at the entrance of the main drainage outlets, to install oil traps and slag filters under the kitchen sinks or kitchen waste collection stations. Such sewage which has complied with the "Wastewater Quality Standards for Discharge to Municipal Sewers" (污水排入城鎮下水道水質標準) is eventually discharged into the municipal sewage system for collective treatment.

In 2021 and 2022, the Group upgraded Suzhou Store and Nanjing Golden Eagle World Store's fume exhaust system, respectively, to improve the efficiency of the fume purifier to over 90%, while the concentration of fume emission reduced to less than 1 mg/cubic metres. The Group plans to upgrade Kunshan Store's fume exhaust system in 2023 and will apply the same standard for the Group's future self-operated stores and existing retail stores under renovation. The replacement of obsolete and low-efficiency boilers for the Group's 6 stores was completed in 2019, including Shanghai Store, Nanjing Xinjiekou Store Block A, Nanjing Hanzhong Store, Nanjing Hubin Tiandi Store Zone A, Nanjing Zhujiang Road Store and Anhui Wuhu Store, in which the Group has reduced the nitrogen oxide intensity in the boiler gas emissions to less than 30 mg/cubic metres, reduced the pollutants discharged by 80% and improved the boiler efficiency to above 92%. The annual natural gas consumption of the 6 stores has reduced by approximately 182,000 cubic metres and greenhouse gas emissions reduced by approximately 267 tonnes. In addition, the replacement of the boiler burners for the Group's 4 stores, including Nanjing Golder Eagle World Store, Nanjing Hubin Tiandi Store Zone A, Nanjing Jiangning Store and Anhui Wuhu Store, has reduced the nitrogen oxide intensity in the boiler flue gas emissions to less than 50 mg/cubic metres, reduced pollutants discharged by 65% and boiler efficiency maintained at above 92%.

In addition, the Group implements green development practices by setting up collection points, transfer stations and sorting centres in each store to centralise the collection, sorting and storage of the renewable and recyclable resources from the wastes (paper, plastic, metal and glass, etc.) generated by concessionaries and rental tenants, so as to achieve the continuous recycling of materials, to participate in resource conservation solution and to reduce the environmental pollution caused by the discharge of solid wastes. In 2022, the Group collected a total of approximately 1,140 tons of renewable resources.

Use of resources

The Group is committed to minimising the overall energy consumption in our daily operations. Through intelligent scientific management and implementing appropriate controls in every part of our operations, we strive to maximise the energy efficiency and minimise the wastage of electricity, water and other resources.

Electricity is mainly consumed by air conditioning systems, vertical transportation systems, lighting systems, refrigeration systems, plumbing and drainage systems, fire ventilation systems, weak power systems and IT facilities within the Group's retail stores and properties. The Group's initiatives on improving the efficiency of energy use and the results achieved in 2022 are as follows:

- ***Energy saving and environmental friendliness of the equipment is an important evaluation criteria in outsourcing and procuring new equipment for the Group. Priority has been given to those energy saving and environmental-friendly products in our general procurement activities of lighting and power equipment. Meanwhile, energy saving and environmental-friendly related requirements are also applied to the entire tendering process***

  The Group has commenced the air conditioning energy-saving enhancement project for most of its stores since 2021. In addition to replacing the obsolete and low-efficiency air conditioning equipment, we have recruited a professional consulting firm to tailor-made a highly energy efficient management system based on our actual operation and the latest technologies such as high-efficiency chiller plant and intelligent group control system. The management system will be evolved through all-time monitoring, data analysis and intelligent learning. Through the use of frequency conversion technology to adjust the running speed, auto-track load condition of each running parts, the system will achieve the highest conversion efficiency and best working state so as to reduce energy wastage and achieve comprehensive energy saving. Through the system's protection mechanisms and early warning system, the equipment will be protected and operated safely which not only extend the service life of the equipment but also reduce the maintenance costs, the risk of system break down, the complexity and time costs of repairs and maintenance and shorten the time of operation suspension.

  The Group's air conditioning energy-saving enhancement project for its 24 stores was completed in June 2022. The average electricity consumption of the main air-conditioning system of these stores is expected to reduce by 17.7%, saving as much as approximately 6.50 million kWh of electricity each year, which represented 1.72% of the Group's total electricity consumption in 2022. Based on the operating efficiency of the air conditioning systems, we will proceed to formulate enhancement plans for our remaining stores.

At the same time, by further optimising equipment operation, switching off non-essential lighting such as rear access lighting, indoor light strips and outdoor floodlights during non-holidays, as well as closing some elevators, it is anticipated that we can save 4.50 million kWh of electricity each year, which represented 1.19% of the Group's total electricity consumption in 2022.

Since 2020, the Group has carried out energy-saving operation and optimisation management of its electric equipment. The regular maintenance of the electric equipment in switch board rooms improved the compensation power factors and reduced line loss. In 2022, our electricity expenses under power tariff adjustments had reduced by approximately RMB2.30 million, which represented 0.86% of the Group's total electricity expenses in 2022.

The Group carried out the digitalisation of Nanjing Golden Eagle World Store's electricity monitoring system. Through the real-time electricity consumption data collection, the Group not only analyses the electricity consumption data, but also identifies and locates any electricity consumption loopholes and leakages so as to optimise equipment operations. It is estimated that the digitalisation will reduce the store's annual electricity consumption by approximately 0.5% to 1.0%.

- ***To substantially reduce electricity consumption, the Group will install variable frequency escalators and LED lighting in existing and future stores and/or office areas to save electricity***

  Since 2008, the Group has equipped new/renovated stores with variable frequency escalators and has been gradually installing LED lighting, with higher efficiency, longer service life and lower power consumption, to replace conventional lighting since 2014. In the meantime, all subsequent new/renovated stores and properties will be equipped with variable frequency escalators and LED lighting to save energy. In April 2020, the Group completed the installation of LED lighting for all self-operated stores and properties (except for operating areas self-renovated by concessionaires and rental tenants) and has required all new and existing concessionaires and rental tenants to install LED lighting for their renovations from 2019 onwards. Among the 30 self-operated stores, 5 stores have not yet equipped with variable frequency escalators as they were opened before 2008 and have not undergone major store revamp. The variable frequency escalators in these 5 stores will be installed simultaneously when the stores undergo major store revamp to reduce unnecessary construction wastes. Among these stores, Yangzhou Store's major revamp was postponed from 2022 to 2023 due to the volatile pandemic situation during the year.

- ***Photovoltaic power generation to reduce greenhouse gas emissions***

  The Group intends to install photovoltaic panels to generate electricity for those stores that fulfil the installation criteria, including sunlight and property conditions. In 2022, solar photovoltaic panels were installed and operated at Nanjing Golden Eagle World Store and Yangzhou New City Centre, which generate approximately 0.16 million kWh of electricity each year. Among the 30 self-operated stores, 16 more stores (including Yangzhou New City Centre's photovoltaic panel capacity expansion) are determined to be eligible for installation. In 2023, 4 more stores (namely, Kunshan Store, Liyang Store, Yangzhou New City Centre and Nanjing Hubin Tiandi Store) are scheduled to complete the installation and the remaining 12 stores are scheduled to complete the installation by 2024. Upon the completion of all the installations, it is estimated that an aggregate of approximately 4.67 million kWh of electricity will be generated each year, which represented 1.23% of the Group's total electricity consumption in 2022.

Meanwhile, subject to sunlight and property conditions, the Group also aims to install photovoltaic panels in its future self-operated stores. Kunshan Store Phase 2 and Nantong Golden Eagle World Store, which are expected to commence operation in 2023 and 2024 respectively, have already taken into account the need for photovoltaic panels installation at design phase and are estimated to generate approximately 0.60 million kWh and 1.65 million kWh of electricity each year respectively upon their operation. Meanwhile, Changzhou Store, Yangzhou New City Centre Phase 2 and Changchun Store, which will commence operation in subsequent years, have also taken into account the need for photovoltaic panels installation at design phase and are estimated to generate approximately 1.55 million kWh of electricity each year upon their operation.

Upon the completion of photovoltaic panels installation at all the above stores, it is estimated that approximately 8.47 million kWh of electricity will be generated each year, which represented 2.23% of the Group's total electricity consumption in 2022.

- ***Energy saving or technical measures for other conventional equipment***

To improve the operation efficiency of the chiller mainframe, all stores will clean the chiller mainframe cannons annually, which is estimated to be capable of saving an average of approximately 0.54 million kWh of electricity every year.

To upgrade the cooling system of some of its stores:

- in May 2023, Xuzhou Store will complete the upgrade of 3 cooling towers, which is estimated to save approximately 0.05 million kWh of electricity each year;
- in June 2023, Nanjing Zhujiang Road Store and Xuzhou Store will complete the upgrade of 10 chilled and cooling water pumps, which is estimated to save an average of approximately 0.13 million kWh of electricity each year;
- in June 2023, Nantong Renmin Road Store will complete the upgrade of 1 fan-cooled heat pump, which is estimated to save approximately 0.20 million kWh of electricity each year; and
- in July 2023, Anhui Wuhu Centre Store will complete the upgrade of 1 chiller, which is estimated to save approximately 0.11 million kWh of electricity each year.

From 2020 onwards, when designing catering tenants' cooking fumes exhaust system in the kitchen, a supplemental exhaust system with 80% to 90% capacity of the fume air volume will also be included, which will effectively reduce the chill/heat air loss and reduce the electricity consumption of the air conditioning system.

Water consumption mainly comes from sanitary facilities for our customers and staff as well as the air-conditioning cooling tower water loop system and water for landscaping, greening and cleaning. Those water efficiency enhancement initiatives adopted by the Group in 2022 and their results are as follows:

- ***Installation of water faucet sensors and Grade-1 sanitary ware***

  Since 2006, the Group has installed sensors for water faucet in its new/renovated stores and office areas, and adopted Grade-1 sanitary ware (which is the most water-efficient class) in its new/renovated stores and office areas since 2008 to conserve water. Since 2012, the Group has completed the installation of water faucet sensors in all self-operated stores and properties. Among the 30 self-operated stores, 19 stores have fully adopted Grade-1 sanitary ware, which can save 20% of the water as compared to standard sanitary ware. The remaining 11 stores will also gradually adopt Grade-1 sanitary ware upon replacement or undergo major renovation.

- ***Rainwater recycling***

  During the period from 2011 to 2018, rainwater collection facilities have been installed in the Group's 5 stores, namely Nanjing Jiangning Store, Suzhou Store, Nanjing Hubin Tiandi Store, Xuzhou Store and Nanjing Golden Eagle World Store. The rainwater collected is mainly used for greening and cleaning purposes. It is estimated that approximately 4,600 cubic metres of water can be saved each year, which represented 0.14% of the Group's total water consumption in 2022.

  Moreover, depending on the property conditions, the Group will endeavour to install rainwater collection facilities in both of its self-owned and leased stores in the future. During the design phase of Kunshan Store Phase 2 and Nantong Golden Eagle World Store, which are expected to commence operation in 2023 and 2024, respectively, the construction of rainwater collection facilities has been part of their blueprints, and the said stores are expected to collect approximately 1,864 and 5,409 cubic metres of rainwater every year upon their operation respectively. Further, the Group has also considered the construction of rainwater collection facilities in Changzhou Store and Yangzhou New City Centre Phase 2, which will commence operation in subsequent years, during their design phases, and these 2 stores are expected to collect approximately 2,000 and 5,000 cubic metres of rainwater every year upon their operation, respectively. Upon completion of the construction of the above rainwater collection facilities, it is expected that approximately 18,873 cubic metres of rainwater will be collected every year, which represented 0.59% of the Group's total water consumption in 2022.

- ***To avoid wastage of water resources***

  In order to avoid wastage of water resources and enhance water efficiency, the Group's water supply and drainage system was operated and managed in accordance with the requirements of water balance testing to reduce leakage and water supply pipeline loss rate. The Group performed regular inspection and maintenance of the underground water supply pipelines; and focused inspection and maintenance of the water valves, water conservators, faucets and sewer elbows in the stores and properties in order to reduce and control water dripping and leakage.

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Environment and natural resources

The Group supports environmental protection and carries out the greening of our operating environment. The Group also constantly assesses its measures taken to minimise the impact of our business operation on the surrounding environment so that appropriate improvement actions could be taken promptly. These measures include the extensive use of paperless OA system, the use of energy-efficient lighting, the reduction of paper usage, switching off of idle lightings, air-conditioning, computer and electrical appliances and other facilities and equipment to save energy. The Group is also committed to promoting the use of recycled paper, where feasible, and the use of biodegradable shopping bags in all stores and supermarkets.

Appropriate actions have been taken to manage the impacts of the Group's operations on the environment and natural resources. We actively promote environmental protection and emphasise green operation and green office. Policies and measures on optimising operation and office environment are implemented to enhance energy conservation and emission reduction management. Relevant policies and measures taken in 2022 are as follows:

- Using paperless system and applications. The Group continued to extensively use the paperless OA system and actively advocated the use of Golden Eagle mobile application and WeChat Work application so as to optimise and streamline office procedures, reduce paper usage and promote a paperless office operation as far as is practicable.

- Setting up office supplies sharing zones where employees can share, access and reuse such supplies. We implement double-sided printing/photocopying, set energy-saving mode for printers/photocopiers, rationally select black and white/colour printing, as well as recycle and reuse toner cartridges, waste paper, used envelopes, document paper bags, binder clips and paper clips; meanwhile, we adjust printer settings to reduce the consumption of consumables and adopt centralised collection and disposal of used consumables to minimise environmental pollution resulting from improper waste disposal.

- Using biodegradable bags to replace paper bags or non-woven bags. To advocate environmental responsibility, the Group provides customers with biodegradable bags and are strictly in compliance with the “General Technical Requirements for Environmental Protection, Safety and Labelling of Plastic Shopping Bags” (塑料購物袋的環保、安全和標識通用技術要求) and the “Notice on Restrictions on the Production, Sale and Use of Plastic Shopping Bags” (關於限制生產銷售使用塑料購物袋的通知) issued by the PRC government. Reduction on these consumption was achieved by charging customers for the bags, and provided a reasonable number of bags for use after stringent review on usage requirement. Furthermore, the Group encourages its business partners to adopt effective measures to reduce the usage of plastics and disposable items.

- Making full use of modern information technologies such as Internet and cloud computing in marketing promotions and provision of customer services to improve operational efficiency. The Group actively responds to the government call to implement green services, applies various electronic cash collection methods such as bank cards, prepaid cards, WeChat/Alipay and provides electronic invoices to its business partners and consumers so as to reduce paper usage and achieve convenient record keeping, which further enhance effective reconciliation and consumption experience, and save social resources.

- The Group encourages our business partners to reduce the use of packaging materials and increase the use of recyclable packaging materials.

- The Group strives to reduce the needs for renovation and refurbishment, progressively unifies our interior counter design to minimise construction wastes. The Group also encourages its contractors to adopt environmental-friendly construction processes and to use environmental-friendly building materials (such as adhesives, paints, coatings, etc.) and services.

With the above environmental protection measures, the Group has set a target that, under normal operation (excluding newly opened stores and additional floor areas), based on the statistics for the financial year 2018, reduce total carbon emissions, total electricity consumption and total water consumption by 4.28%, 4.25% and 0.27%, respectively by the financial year 2025, so as to minimise the negative impact on the environment caused by our business. Looking ahead, the Group will keep abreast of the market trends and optimise and consolidate various measures for energy conservation and emission reduction with the assistance of external experts.

Green shopping malls

According to National Standard GBT38849-2020, green shopping malls are commercial enterprises or places which uphold the business philosophy of environmental protection, health and safety and provide green services which integrate supply chain upstream and downstream resources, guide green consumption, implement measures such as energy saving, emission reduction and resource recycling and participate in environmental social welfare. Through the introduction of green shopping malls to promote simple and moderate living concept and green and low-carbon lifestyle to the society in general.

Requirements:	Large scale shopping malls with gross floor area of over 100,000 square metres. Nevertheless, shopping malls or other retail formats with gross floor area of less than 100,000 square metres are also encouraged to participate.
Content requirements:	To establish a green management system, promote the application of energy-saving facilities and equipment, enhance the green supply chain, carry out green services and promotions, advocate the concept of green consumption, and carry out green recycling.

The Group has also been actively participating in the development of green shopping malls and has been applying green mall certification progressively for its stores since 2017. As at the date of this annual report, among all of the Group's retail stores, 18 stores were certified as national-level green shopping malls, among them 10 stores newly obtained the certification in 2022. In the coming years, the Group will continue to upgrade the remaining self-operated stores to meet the accreditation standards and strive to achieve full green shopping malls in the future.

We strive to offer a seamless, diversified, caring, equally accessible, convenient and safe shopping environment for those with special needs. We have put in place different caring initiatives to provide suitable facilities, such as nursery room and barrier-free facilities, at our chain stores in accordance with its properties conditions. These caring facilities include 42 nursery rooms, 25 children washrooms, 36 children play zones, 12 stores with baby cart lending services, 92 barrier-free access facilities, 10 stores with wheelchair lending services, 37 in-store first-aid kits and 6 rooftop gardens across its store chain.

Green buildings

The current green building certification in China is accredited based on the "Green Building Evaluation Standard" (綠色建築評價標準) (GB/T 50378-2019), which was issued in 2006 and amended in 2019, and is mainly used to evaluate residential buildings and public buildings such as offices, shopping malls and hotels. It refers to a high-quality building that saves resources, protects the environment, reduces pollution, provides people with healthy, applicable, and efficient use of space, and maximises the harmonious coexistence of man and nature throughout the life cycle of the building. Green performance refers to the comprehensive performance of building in terms of its safety and durability, health and comfort, convenience of life, resource conservation (land, energy, water and material savings) and environmental liveability. The Green Building Certification is classified into "Pre-evaluation Label" and "Official Label". Among them, the Green Building Pre-evaluation Label is accredited to buildings in the planning and design stage while the Green Building Official Label is accredited based on the previous Pre-Evaluation Label accreditation and upon examining and evaluating the building on a more comprehensive and long-term basis after the building construction has been completed and in operation. With the amendments of the evaluation standard in 2019, the green building "Pre-Evaluation Label" certification can be carried out after the construction drawing of the building has been completed, while the "Official Label" certification can be carried out after the building construction has been completed and in operation.

The Group is also actively participating in the development of green buildings. At present, the Group's 6 projects with an aggregate gross floor area of approximately 0.89 million square metres have been accredited with Green Building Labels, including 3 stores currently in operation, namely Yangzhou New City Centre, Xuzhou Store Block B and Nanjing Golden Eagle World Store, and 3 upcoming new stores currently under construction, namely Kunshan Store Phase II (Phase I plot), Nantong Golden Eagle World Store and Changzhou Golden Eagle World Store. Among these stores, Nanjing Golden Eagle World Store has been accredited with the 2-star Green Building Label with a high score on 1 June 2022 and won the 2022 "Jiangsu Green Building Innovation Demonstration Project". Meanwhile, the Group will also continue to conduct extensive review of all of its existing stores to carry out green renovation and application for Green Building Labels. In addition, Yangzhou New City Centre Phase II, Kunshan Store Phase II (Phase II plot) and Changchun Golden Eagle World Store have initiated the application of 2-star Green Building Labels. The Group is committed to building all of its future projects with at least 2-star Green Building standard.

At present, Golden Eagle Group has developed a comprehensive green and low-carbon building technology system, using (i) passive technologies such as shading heat insulation film, thermal insulation integrated board, etc.to reduce building energy consumption; (ii) proactive technologies such as high-efficiency chiller plant, high-efficiency heat pump heating, high-efficiency EC fan and smart lighting, etc. to improve equipment efficiency; (iii) renewable energy technology such as photovoltaic power generation to reduce carbon emissions from traditional electricity power generation; and (iv) smart energy management platforms such as smart electric meters, etc. to strengthen energy management. Golden Eagle uses a variety of low-carbon energy-saving technologies to achieve energy saving and emission reduction in its existing and new stores to reduce operating costs, improve investment returns and achieve effective management of "carbon assets" so as to protect the environment.

Some of the green and low-carbon measures in our existing stores, include: (i) the Group's energy-saving enhancement project on high-efficiency chiller plant for 24 of our stores was completed during the year. It is expected that the main air-conditioning system of these stores will save a total of 6.50 million kWh of electricity and reduce carbon emissions by 5,149 tons every year. Among these stores, the energy-saving rate of Nanjing Xinjiekou Store chiller plant reached 35%; (ii) the commencement of the 8.8MWp solar photovoltaic panel installation in 16 of our stores, which is expected to save 8.47 million kWh of electricity and reduce carbon emissions by 6,709 tons every year upon completion; and (iii) the commencement of the smart electric meter implementation project on all of the Group's 7,707 electric meters to enhance energy management.

Climate Change

Climate change is a global challenge that profoundly affects not just the environment, but our fundamental socio-economic systems. Climate change such as global temperature rise, extreme weather event, flooding, drought, and rising sea level could put infrastructure at risk, disrupt agriculture yields and even endanger lives. The Group recognises that companies must take steps to mitigate and implement measures to manage physical and transition risks. The Group is accelerating its climate action by adapting its management approach to be more resilient in light of climate risk, as well as leveraging its network of business partners to advocate for better sustainability performance.

With the Central Government's target of carbon neutrality by 2060, there will be significant changes in energy supply pattern and the emergence of climate policies at the regional or national level. The transition to a low-carbon economy will also lead to an increase in the cost of carbon emissions; with energy consumption as the main source of our emissions, our carbon emission costs will be closely linked to the effectiveness of our energy management initiatives. In addition to transition risks, the change in climate pattern also increases the likelihood of extreme weather. Acute physical risks could damage our assets and increase maintenance costs, adversely affect our customers and employee's safety, and lead to business disruptions.

With these risks in mind, we have adopted measures to reduce energy consumption and related carbon emissions across all operations and have taken climate change risk into account in our risk assessment and management, identify potential impact of extreme weather such as rainstorm, typhoon and flood on the Group's operation. For various possible effects of such events, special typhoon and flood emergency teams have been established and contingency plans have also been formulated in advance to prevent extreme weather from disrupting and affecting our operation and employees' lives.

The Group's Property Operation Department is responsible for issuing weather warning and prevention requirements, and formulating clear instructions and procedures on the preparation of flood control materials, safety inspections during flood seasons and emergency flood control drills, setting performance evaluation criteria and assigning personnel to supervise and rectify incomplete procedures and procedural defects. Our Safety Supervision Centre shall conduct special inspections before flood seasons and formulate flood control materials allocation standards. Each store shall formulate its own management policies based on local climate and specific circumstances of the stores. For example, Nanjing Golden Eagle World has formulated the "Golden Eagle World Flood Control Emergency Plan" (金鷹世界防汛應急預案). A special flood prevention team and an emergency rescue team are formed with emergency supplies such as sandbags, water flaps, pumps and raincoats prepared ahead of flood season, personnel and vehicle evacuation drills are conducted regularly, local weather are reported daily and night-shift staff were assigned to monitor early severe weather warning alert during rainy season to seamlessly monitor extreme weather and implement corresponding control measures.

B. SOCIAL

Employment and Labour Practices

Employment

The Group adheres to the following labor laws and regulations in the PRC in its daily operations:

(i) Labor Law of the People's Republic of China (中華人民共和國勞動法)
(ii) Labor Contract Law of the People's Republic of China (中華人民共和國勞動合同法)
(iii) Production Safety Law of the People's Republic of China (中華人民共和國安全生產法)
(iv) Law of the People's Republic of China on the Protection of Minors (中華人民共和國未成年人保護法)
(v) Provisions on the Prohibition of Using Child Labor (禁止使用童工規定)

As at 31 December 2022, we had 1,853 employees (2021: 2,133 employees) under full-time labour contracts in the operation of lifestyle centre and stylish department store chains in the PRC.

As an employer embracing equal opportunities, the Group's employment policy aims to provide a working environment without discrimination on the basis of, inter alia, race, gender, religion, age, etc., and establish a sound and quality work environment to attract talents. All applicants (including internally promoted staff) are entitled to enjoy equal opportunities and fairness.

In order to attract and retain outstanding talents, the Group has a comprehensive performance appraisal management system and regularly communicates with employees to ensure its system's transparency and fairness. Through the assessment of employees' job performance, we employ and promote those employees with common values and professional ethics, and recognise employees who are self-motivated, responsible and with integrity in order to ensure the continued enhancement of the Group's business. In addition, the Group also invites employees to fill in questionnaires at regular intervals to collect feedbacks on the Group's policies and measures such as employment policies and employees' development and trainings system.

Employees' remuneration packages are reviewed regularly by the Group. The evaluation makes reference to the labour market and the level of salaries and benefits in the same industry and takes into account the employees' performance and experience to ensure that competitive remuneration packages are being offered so as to motivate continuous improvement and contribution to the Group. For employee dismissal policy, the Group follows the local regulations as stipulated by the government.

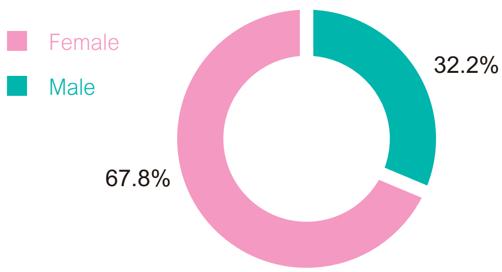
The policy on working hours, rest days, other benefits and welfare of the Group is in line with the requirements of the local government and industry practices. In addition to paid annual leave, we also offer employees other types of leaves, including paid sick leave for work-related injury and illness, marriage leave, maternity leave, nursing leave and parental leave, etc..

All of the employees have entered into labour contracts with the Group setting out the major terms of employment including but not limited to employment period, remuneration, welfare, working hours, rest days and dismissal.

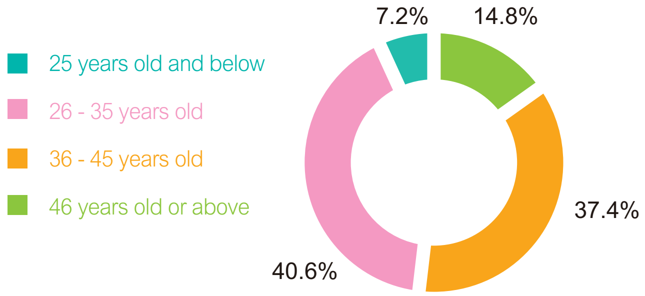
Environmental, Social and Governance Report

Employees' distribution by gender, age group and geographical region in the financial year 2022 is shown in the following charts:

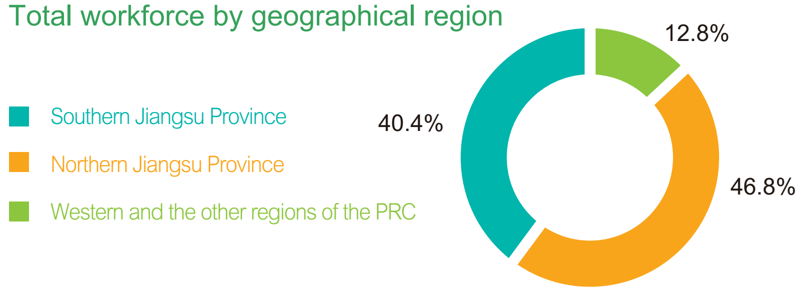
Total workforce by gender



Total workforce by age group

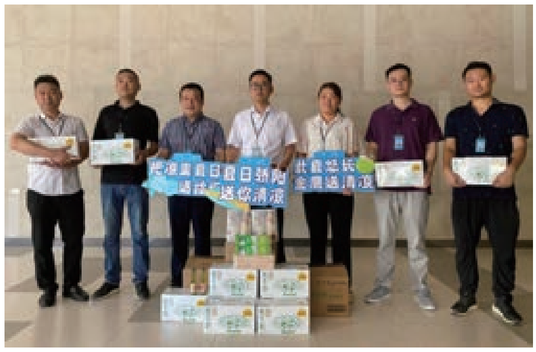


Total workforce by geographical region



Furthermore, the Group takes active steps and initiatives to maintain a harmonious labour relationship. We work with labour unions to organise a wide range of leisure and cultural activities to express our care to our employees and promote healthy lifestyle and strengthen their sense of belonging to and unity with the Group. During the year, various cultural, recreational and sports activities such as "Office Party", birthday parties for employees, sports clubs and various outdoor activities have been organised.

Environmental, Social and Governance Report



In the financial year 2022, there was no material non-compliance with the applicable labour-related laws and/or regulations.

Health and Safety

The Group always strives to provide and maintain a safe and healthy environment in its buildings for all customers, employees, and business partners. The Group provides comprehensive insurance coverage on, inter alia, work injury and employer liability and annual health check to its employees. We conduct regular inspection of premises, provide training and education to our employees on disaster prevention, fire drills, occupational safety education, as well as first aid training to enhance employees' knowledge and skills to prevent and handle accidents. The Group has also implemented the following measures:

- Maintaining proper lightings and ventilation systems and a tidy working environment in stores and offices areas, and providing sufficient working space in the offices.
- Smoking is prohibited in stores and offices areas.
- Conducting regular inspection on the Group's premises.
- Following government guidelines relating to severe weather warnings such as rainstorm, typhoon and flood.

At the same time, the Group requires its employees to share the responsibility in the formulation, implementation and monitoring of safety and health policies. Their responsibilities include:

- Discovering, reporting and avoiding hazards at workplace in relation to health and safety and reporting such hazards immediately to supervisors or the security department.
- Investigating any accidents or hazards to prevent them from happening or re-occurrence.
- Working together with the Group in implementing and adopting work safety methods and procedures.

Environmental, Social and Governance Report

In the financial year 2022, against the backdrop of resurgence of COVID-19 pandemic, the Group has been committed to providing and maintaining a safe and healthy shopping and working environment for all customers, employees and business partners in its property portfolio during the pandemic prevention and control period in accordance with the relevant government requirements on pandemic prevention and control and the actual operation situation of the respective locations. The relevant policies and measures are set out below:

- Through the establishment of a pandemic prevention and control system and in accordance with the information and requirements on pandemic prevention and control issued by the government, the Group continuously formulated, adjusted and implemented corresponding emergency plans and protective measures.

- Assigning specific personnel to procure pandemic protective equipment and items regularly, including masks, hand sanitisers, alcohol, disinfectants, etc., to ensure sufficient supply of materials for pandemic prevention and control.

- Arranging specific personnel for frequent disinfection of store and office areas and division of staff canteen dining areas, and adopted pandemic prevention and control measures such as division of dining table by segregated partitions, dining at different time slots and separated areas for dining to reduce crowds gathering.

- Arranging specific personnel to conduct body temperature screening on personnel entering and leaving the stores, and required relevant personnel to wear protective masks. Disinfection stations were set up at customer service centre and main entrances and exits of the stores in order to provide alcohol disinfection services to customers. At the same time, special garbage bins for disinfection were prepared for disposal of used masks for centralised collection to avoid further contamination.

- Arranging professional cleaning staff to disinfect the store facilities (including but not limited to passageway handles, elevator cars and buttons, escalator handles, customer service centres, public garbage bins and shopping carts, etc.) and the washrooms and thoroughly disinfect the store premises on a weekly basis as scheduled.

- The air-conditioning and fresh air system and ventilation work during the pandemic prevention and control period has strictly complied with the relevant government requirements on pandemic prevention and control. Professional air-conditioning cleaning companies were engaged to thoroughly clean the air-conditioning systems and pipes in the store premises, and professional institutions were recruited to monitor the results to ensure that the hygiene conditions of the air-conditioning systems meets the relevant government requirements.

During the reporting period and the past three years, the Group has not received any reports on work-related fatalities. Meanwhile, in the financial year 2022, the number of loss of working days due to work-related injuries was 525 days, accounted for 0.07% of the normal work days.

Development and Training

The Group regards employees as valuable assets and their development helps driving the growth of the Group. Confronted by the changes in the retail industry, employee development and training have become more important than ever. In pursuing our business objectives and providing protection to the general rights and interests of our employees, the Group aims to put in place a suitable platform that supports the Group and employee development and training through performance evaluation, two-way communications and questionnaires on training needs. The employee development and training policies adopted by the Group include:

- Providing newcomers with comprehensive orientation program to assist newcomers to get familiar with the Group, understand and familiar with the Group's values and objectives and understand their roles in the Group.

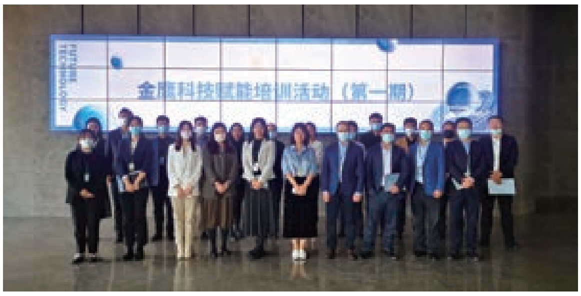
- Providing employees with regular and ad-hoc internal job-related trainings and development workshops; offering employees with internal forums and seminars on the Group's business operations or recruiting external instructors to provide professional training to employees with special duties. Of which, two ESG training sessions were held for board members and senior management in 2022. The sessions covered the latest ESG developments and trends, new green finance strategies, and relevant climate-related issues, equipping the leadership with the necessary knowledge to drive the Group's sustainable strategy forward.

- Providing online e-learning sessions by the Group to enhance employees' professional skills in performing their roles.

- Conducting post training evaluations to assess the effectiveness of these training programs.

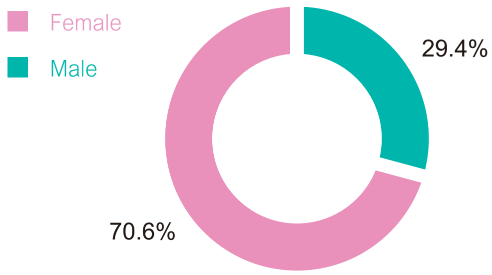
The Group values the establishment of its talent echelon system and encourages young people with potential to grow. In 2022, through intensive trainings, senior management coaching and performance evaluation in stages to nurture various management trainees recruited internally and externally to become the foundation of our team. The Group has also established an internal promotion mechanism to achieve upward mobility of internal talents, to provide more development opportunities and motivate them in their new position. In addition, to further enhance our employees' professional skills, we also organise various internal seminars and sharing sessions on various know-hows for store management, merchandising, merchandising adjustments and relevant laws and regulations.

Environmental, Social and Governance Report

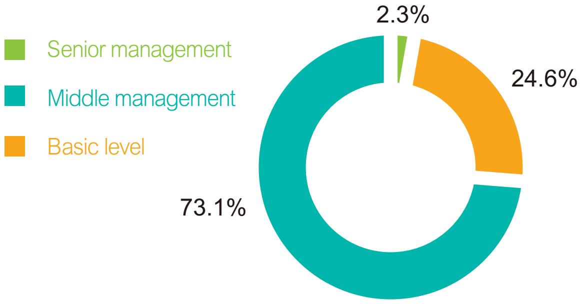


In the financial year 2022, the proportion of employees who received trainings in the Group was 96.1%, and the total training hours for the year were 37,701 hours. The average training hours was 18.4 hours per employees.

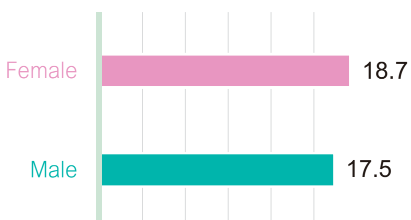
Trainees by gender



Trainees by category of position



Average training hours by gender

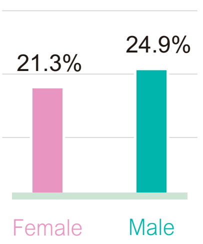


Average training hours by position

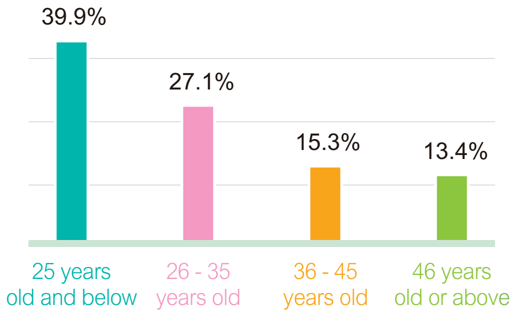
In the financial year 2022, the employee turnover rate was 26.4% and the employee turnover rate by gender, age and geographical region is shown in the following charts. The Group closely monitors our turnover rate and invite leaving employees to complete exit surveys to gather insights and implement retention measures to mitigate talent attrition.

Environmental, Social and Governance Report

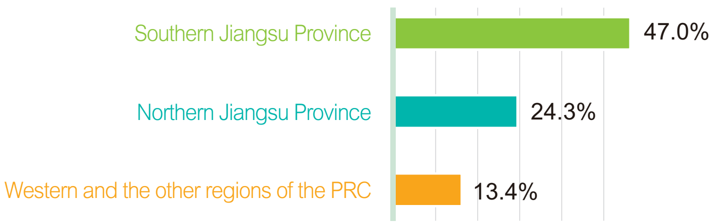
Turnover rate by gender



Turnover rate by age group



Turnover rate by geographical region



Labour Standards

The Group is committed to strictly complying with the relevant local labour and employment laws and regulations, and ensure that the labour contracts with employees are entered into on a lawful, fair, equal, voluntary, mutually agreed and good faith basis. The Group adopts employment policies and procedures which prohibit child labour and forced labour. The same requirements also apply to the Group's concessionaires and rental tenants. We strive to perform continuous review and improvement on the recruitment practices to prevent child labour and forced labour.

The relevant policies adopted by the Group are:

- Strictly prohibiting any departments to request and/or employ any persons who is below 16 years old for any reason. The Human Resources Department is responsible for the review of the age of the applicants during recruitment to ensure that no minors under the age of 16 are employed.

- All employments must be on a voluntary basis and we do not allow any forced labour, or using any form of deception to allure any one to join the Group.

We were not aware of any child labour or forced labour incident in the financial year 2022. The Group believes that it is not exposed to any material risk of having child or forced labour in our business operation. We are committed to taking immediate measures to eliminate any non-compliance in respect of child and forced labour.

C. OPERATING PRACTICES

The Group strictly complies with the following product responsibility laws and regulations in the PRC in its daily operations:

(i) Product Quality Law of the People's Republic of China (中華人民共和國產品質量法)
(ii) Standardisation Law of the People's Republic of China (中華人民共和國標準化法)
(iii) Law of the People's Republic of China on the Protection of Consumers Rights and Interests (中華人民共和國消費者權益保護法)
(iv) Advertising Law of the People's Republic of China (中華人民共和國廣告法)
(v) Trademark Law of the People's Republic of China (中華人民共和國商標法)
(vi) Civil Code of the People's Republic of China Book Seven: Tort Liability (中華人民共和國民法典之第七編: 侵權責任)
(vii) Data Security Law of the People's Republic of China (中華人民共和國數據安全法)
(viii) Personal Information Protection Law of the People's Republic of China (中華人民共和國個人信息保護法)

Supply Chain Management

In accordance with our operating practices and the formation of different segments along our supply chain management model, our retail stores offer merchandises through concessionaires, direct purchases and various co-operation or leasing arrangements, and provide a diversified lifestyle functions and amenities through mostly leasing arrangements. Through seamless cooperation with various brands, suppliers and rental tenants, and highly efficient information technology networks, the Group is able to work smoothly along the supply chain which optimises the resources allocation to deliver high-quality products and services to our customers. The Group strives to share our commitments and beliefs in environmental and social aspects with our business partners. During the pandemic period, in response to the outbreak and resurgence of the pandemic, the Group launched a series of measures and policies to assist merchants and business partners in weathering the difficult situation caused by the pandemic, including granting subsidies and rental concessions to concessionaires and rental tenants in the total amount of approximately RMB80.0 million, RMB14.0 million and RMB80.0 million during each of the years 2020 to 2022, respectively.

The Group has created a new low-carbon and green consumption experience during the entire process from consumer goods, consumption activities to consumption environment and also encourages our business partners to pay attention to and control environmental and social risks that may be related to supply chain management and embrace high standards of corporate responsibilities which are similar to those of ours. A special event "Green Life" (綠動生活) was organised by the Group with 10 renowned cosmetic brands to collect recyclable cosmetic bottles. The event drew over 30,000 participants and collected over 200,000 green carbon points. Recently, the Group also cooperated with strategic partners and government departments to carry out a series of activities with the theme of "Green and Low-Carbon" including green charity run, Carbon Neutrality Forum Summit and environmental conservation classes, etc. The Group, together with its business partners and customers, strives to provide more valuable and thoughtful consumption choices through a smart and ecological shopping environment, green supply chain and comprehensive after-sales service, so as to build a more sustainable world with its business partners.

Environmental, Social and Governance Report

The Group has established sound management systems for managing its business operations with its brands, suppliers and rental tenants. We assess and select our brands, suppliers and rental tenants not only based on the quality, cost, delivery and services, but also rigorously review the qualification in our selection process, including the business license, trademark registration and authorisation etc., as well as their ethical, environmental, and health and safety initiatives, and enter into contracts only with those which have obtained all requisite approvals and met the Group's requirements for business collaboration. In the process of collaboration, we adopt various management procedures to standardise the supply chain to ensure that our brands, suppliers and rental tenants are in compliance with relevant national laws and regulations. The supply chain management policy and practices adopted by the Group include the following:

- We seek to cooperate in a fair, honest and responsible manner with those brands, suppliers and rental tenants which share our business philosophy.

- We attach great importance to the sustainable development of the supply chain, and convey the concept and requirements of sustainable development to brands, suppliers and rental tenants through various channels such as the establishment of environmental and social risk related management and evaluation systems to encourage their overall development in terms of sustainable development and social responsibilities.

- We stipulate our minimum environmental and social requirements in our contracts with our brands, suppliers and rental tenants, including complying with relevant rules and regulations, ensuring workplace health and safety, protecting employees against discrimination, promoting employee rights, taking precautions to prevent child and forced labour, as well as fair remuneration policies.

- Brands, suppliers and rental tenants are contractually obliged to ensure that the products they offer are non-toxic and meet relevant government and industry requirements and standards.

- Brands, suppliers and rental tenants are required to sign the "Sunshine Agreement" (陽光協議) to build a frank, honest, trustful and cooperative relationship together.

As at 31 December 2022, the Group had 5,372 brands, suppliers and rental tenants in operation, all located in the PRC.

Product Responsibility

The Group believes that our sustainability and reputation are built on our high-quality products and services. Our operation team is committed to providing safe and high-quality products and services to our customers, and addressing customer complaints with utmost attention.

Moreover, the Group believes that product safety is the key to our success. We strictly follow the industry standards and government regulations relevant to our products and services. We provide trainings to employees to enhance their consciousness on product safety in order to prevent any counterfeits and sub-standard merchandises being sold at our stores and to protect the rights and interests of our customers.

Pursuant to the terms and conditions of the general supply contract with the Group's business partners, the supplier is required to warrant that the products are in compliance with the applicable laws and regulations of the PRC including but not limited to the "Product Quality Law of the People's Republic of China" (中華人民共和國產品質量法) on the quality of the products, the "Standardisation Law of the People's Republic of China" (中華人民共和國標準化法) on the standardisation of the products, the "Law of the People's Republic of China on the Protection of Consumers Rights and Interests" (中華人民共和國消費者權益保護法) on consumer rights and interests and the "Advertising Law of the People's Republic of China" (中華人民共和國廣告法) on advertising of products. The Group is entitled to return the defective products to the suppliers within a specified period depending on the nature of the products. In addition, after the products are sold, the customers are generally allowed to return any defective products for exchange within ten days.

The product safety policies adopted by the Group are as follow:

- For those products other than food products, the Group has strengthened the quality checks on products provided by our brands, suppliers and business partners to ensure that these products meet the relevant safety standards and requirements. Based on the natures of product, special attention is placed on the compliance with those regulations and requirements related to baby and children products, toys and customer safety to ensure that our products are in full compliance with the relevant mandatory laws, regulations and requirements of the PRC.

- For food products, the Group assumes the primary responsibility for food safety in accordance with the "Food Safety Law of the People's Republic of China" (中華人民共和國食品安全法). We also set and implement policies and procedures such as "Product Quality Inspection and Acceptance Standard" (商品質量驗收標準), "Product Quality Control Procedure" (商品質量控制流程), "Request for Supplier Qualification and Delivery Invoice and Special Arrangement for Imported Food Products Management Policy" (供貨商資質索證、收貨索票及進口食品特殊管理) and "On-site Emergency Plan for Food Safety Incidents in Stores" (門店食品安全事件現場應急處置預案) to ensure our food products are safe. In the quality acceptance process, especially for food products, we strictly carry out all-round acceptance inspections such as shelf-life inspection, temperature inspection, packaging and hygiene inspection, and label inspection.

- A complete response mechanism is in place to handle product recalls timely and smoothly. Quality assurance personnel are responsible for the assessment, removal and notification of sub-standard products; quality and safety management personnel are responsible for the feedback and follow-up of sub-standard products. During the financial year 2022, the Group has no products that needed to be recalled due to safety and health reasons.

Environmental, Social and Governance Report

In the financial year 2022, against the backdrop of resurgence of COVID-19 pandemic, the Group has been committed to ensure the sufficient and constant supply of daily necessity during the pandemic prevention and control period in accordance with the relevant government requirements and the actual operation situation of the respective locations. The relevant policies and measures are set out below:

- During this critical period, the Group's supermarkets, G • Mart, remained open, and endeavored to coordinate the sufficient supply of goods, guarantee the daily necessity of residents through multiple on-line channels, including Golden Eagle Lifestyle Online Platform, to provide 24-hour services. We launched fast processing channel for products purchase, shipment and put on shelves in speedy manner to meet consumption needs to the greatest extent so as to build a safe and reassuring "haven" for the public with the most stringent preventive and control measures, strong psychological support and sufficient material preparations.

- In order to properly manage the food safety during the pandemic prevention and control period, the Group's stores strictly conducted the disinfection and cleaning work, fully facilitated the supervision authorities for food safety inspection. Focusing on the inspection of import inspection and quarantine certificate (sanitary inspection report), customs declaration form, nucleic acid report and disinfection report of imported cold chain food, fruits and other imported foods, and the conduct of nucleic acid testing for the relevant employees.

Customer Services

Our mission is to satisfy the needs of our customers and to provide them with a world-class shopping experience. We respect, listen and take into serious consideration all the views, complaints and suggestions from our customers. We actively work to improve our dialogue with our customers to better understand their needs and expectations. We value our customers' experience and demands and constantly improve our customer relationship through continuous communication and interaction with customers. In addition, we maintain keen insight into market development trends and provide new experience and better services in line with customers' lifestyle to improve customer satisfaction.

In the financial year 2022, our customer services extended to before and after the sales. Customers can provide their complaints or suggestions for improvement on our products or services through various channels such as the customer service centre, customer service hotline and Golden Eagle Lifestyle online customer service. The Customer Service Department will promptly respond to customer complaints and suggestions, proactively address the relevant issues and make regular follow-up calls to form a closed-loop management mechanism. Common customer issues will be redirected to the relevant department for continuous improvement to reflect the Group's business philosophy of providing customer-oriented services. Product knowledge and service skill trainings are also part of our routine training programs to ensure that our employees can provide the best service to our customers. During the financial year 2022, consistent with the industry statistics, the Group received a total of 15,604 customer complaints and suggestions, 100% of which has been answered and the resolution rate was over 99.9%. At the same time, during the pandemic prevention and control period, the Customer Service Department also overcame various difficulties to ensure that relevant customers' complaints relating to return and exchange of products and maintenance are properly handled.

Environmental, Social and Governance Report

The Group recognises that brand equity is critical to our success. We actively allocate resources to maintain and protect the intellectual property rights of our brands.

- We value intellectual property rights and determine intellectual property rights as an indispensable element of successful business.

- We manage and protect our intellectual property rights through registration and maintenance and enforcement measures.

- We respect intellectual property rights of others and do not infringe their intellectual property rights.

Customer Data Management

With the aim of enhancing our customers' shopping experience and their engagement with our stores via events and promotions, the Group has leveraged upon consumers' personal information, to the extent allowed by the relevant privacy laws and regulations, for our various direct marketing and promotion purposes. We respect the privacy and inviolability of the rights of our customers and we do not reveal or use customer information for any other purpose or any other inappropriate manner. Customers have the right to request us to update their personal information or delete their data from our records.

The Group seriously implements personal data protection and strives to ensure that adequate resources are deployed to protect customers' personal data against any unauthorised use, access, modification or disclosure. Compliance procedures are in place to ensure strict adherence to applicable laws and regulations. We place utmost importance in protecting the privacy of our customers throughout the cycle of collection, processing and usage of their personal data. We strive to ensure that customers' personal data is always securely processed and stored and only for the purposes for which it has been collected.

The collection, storage, and use of customers' personal data by the Group are in compliance with the relevant requirements of the "Personal Information Protection Law of the People's Republic of China" (中華人民共和國個人信息保護法), which was last issued in November 2021. The member information in the membership system of the Group has been desensitised and encrypted. In addition, pursuant to the "Cybersecurity Law of the People's Republic of China" (中華人民共和國網絡安全法), we provided WIFI Internet access to customers and strengthened the protection of customers' personal information through the implementation of real-name authentication.

During the financial year 2022, no complaint was received concerning possible breaches of customer privacy laws and regulations and the loss of customer data.

Anti-corruption

The Group strictly complies with the following anti-corruption laws and regulations of the PRC in its daily operations:

(i) Criminal Law of the People's Republic of China (中華人民共和國刑法)
(ii) Anti-Money Laundering Law of the People's Republic of China (中華人民共和國反洗錢法)
(iii) Anti-Unfair Competition Law of the People's Republic of China (中華人民共和國反不正當競爭法)
(iv) Interim Provisions on Prohibition of Commercial Bribery (關於禁止商業賄賂行為的暫行規定)

The Group strives to achieve transparency, integrity and accountability in our operations and require our employees to maintain high standard on work ethics, personal and professional conducts in order to maintain and promote the Group's reputation. The Group has formulated various rules and regulations, such as the "Accountability Administrative Measures" (責任追究管理辦法), "Complaint and Whistle-blowing System" (投訴舉報制度), "Integrity and Self-discipline Undertaking" (廉潔自律承諾書), "Integrity Convention" (廉潔公約) and the "Sunshine Agreement" (陽光協議), that require all employees to comply with and prohibit any form of corruption, bribery, extortion, fraud and money laundering. In addition to these code of conduct for employees. the Group has in place an interest declaration and whistle-blowing mechanism, which we share with our brand suppliers, rental tenants, business partners, customers and the public to minimise and mitigate any situations that may lead to the occurrence of conflict of interests or corruptions. At the same time, the Group considers integrity as our core value and encourages our employees to report any improper, misconduct or fraudulent behavior.

In order to establish and maintain the Group's integrity, the Group has delegated the internal audit department for monitoring and auditing of the relevant corporate risks. New employees will be required to attend courses relating to anti-corruption and self-discipline when joining the Group to solidify their understanding of anti-corruption and all employees are required to sign the "Integrity and Self-discipline Undertaking" (廉潔自律承諾書) and the "Integrity Convention" (廉潔公約) to improve their awareness of integrity and self-discipline. In order to build up a frank, honest, trustful and cooperative relationship, all brand suppliers, rental tenants and business partners are required to sign the "Sunshine Agreement" (陽光協議) which has the same legal force as the main contract. If a brand supplier, rental tenant or business partner violates the "Sunshine Agreement", the Group has the right to record such brand supplier, rental tenant or business partner in the internal blacklist, as well as the shared inquiry system of China Corporate Anti-Fraud Alliance and Trust and Integrity Enterprise Alliance. The Group maintains a high standard of business integrity and has joined the Enterprise Anti-Fraud Autonomous Cooperation Organisation, Enterprise Anti-Fraud Alliance and Trust and Integrity Enterprise Alliance. The Group adopts a "zero tolerance" policy for corruption or bribery in any form.

In order to prevent misconduct, the Group has established clear complaint and whistle-blowing channels (including whistle-blowing hotline and email account), and added the Golden Eagle Integrity WeChat Official Account as additional channel to explicitly encourage the reporting of misconducts. These channels are established for the reporting of suspected corruption, any instances of non-compliance, abuse or malpractice. Details of compliant and whistle-blowing channels are updated regularly and published at major operating areas to draw public awareness effectively. In order to further standardise the management of whistle-blowing and complaints, to strengthen the Group's corporate governance and internal control, and to ensure the comprehensiveness, scientific and operational characteristics of the system, the Group's "Complaint and Whistle-blowing System" (投訴舉報制度) formulates protection policies to ensure the independence and confidentiality of all complaints and the relevant investigation processes to safeguard the legitimate rights and interests of the whistle-blowers. To ensure whistle-blowers have the freedom to report grievances without fear of reprisal, all cases are treated strictly confidential and submitted to internal audit department for further investigation.

We encourage all the Directors to participate in continuing professional development by providing them training materials relating to corporate governance, functions and duties of directors, Listing Rules and other regulations. During our day-to-day work, we developed an anti-fraud training framework for all employees, focusing on risk control system, red line terms and content and employee reporting system, actively carrying out anti-corruption trainings. In 2022, two anti-fraud training sessions were held for board members and senior management and the anti-fraud training session incorporated in the orientation program was provided to all new employees.

During the financial year 2022, the Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact on the Group relating to corruption, bribery, extortion, fraud and money laundering. Meanwhile, none of the Group or their employees (during their employment) have been prosecuted and convicted for corruption-related offences.

Community Investment

Since its establishment, the Group shoulders its social responsibilities and builds the "Love @ Golden Eagle" (愛在金鷹) charity brand so as to advocate social care in a sustainable manner, promote corporate social responsibility and contribution to the society. For this purpose, the Group actively devotes resources to the society, and pays particular attention to the underprivileged groups who lack resources, and provides support to those children with special needs, left-behind children and the elderly. During the pandemic, materials and supplies were also provided to support frontline staff. At the same time, the Group continued to work with various charitable organisations in the PRC during the year and strived to actively interact with local communities through various means. The Group endeavours to:

- support underprivileged groups and bring them love and hopes;
- encourage employees to extensively and actively participate in charitable activities to enhance their awareness and concern for the community; and
- strengthen our employees' sense of belonging and commitments to the society.

In the financial year 2022, some of the activities organised by the Group are as follows:

Caring for Society

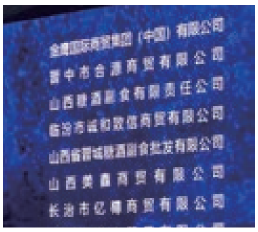
Since its initial establishment, the Group understands the importance of establishing mutual assistance, beneficial and win-win relationship between corporates and society. While creating substantial commercial value, the Group also bears its social responsibilities to extensively participate in social welfare and contribute to the society.

- On 10 March 2022, Nanjing Jiangning Store responded to the call of Nanjing Charity Federation's "Charity One-Day Donation" activity and donated RMB20,000 to Jiangning District Charity Federation to support the charity development in the area, used actions to lead society to dedicate love to the needy masses.

Environmental, Social and Governance Report

- In August 2022, the Group donated RMB30,000 to the Guizhou Charity Federation. Starting from the villages in southeast Guizhou, through the installation of street lighting in remote villages, to improve village appearance, living conditions and the ecological environment.

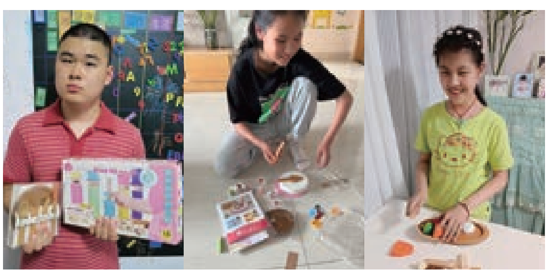
- On 19 September 2022, Suqian Store donated a batch of clothing with monetary value of approximately RMB13,500 to the Red Cross Society of Suyu District, Suqian to assist students in Bali Primary School in Xingyi, Qianxinan Prefecture, Guizhou Province.




Caring for Education

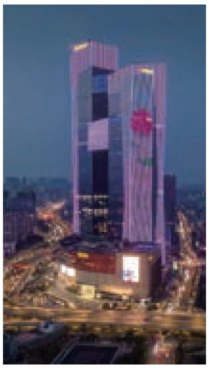
Since its establishment, the Group has been promoting education related public welfare projects to provide education opportunities for better life of those in needs, so as to create a warm and caring community with mutual trust, and striving to realise the sustainable development of public welfare.

- On 27 May 2022, approaching Children's Day, the Group joined hands with the Jiangsu Blind People's Association to hold a unique celebration party for visually impaired children, and sent 100 educational construction gift sets to these children which with monetary value of approximately RMB45,500. A little bit of power helps the sunshine dream, encourage the children to face life optimistically, release the power of smile, and be happy every day.

Public Welfare and Culture

The Group's charity work not only focuses on the needs of individuals, but also continues to support social culture and arts-related public welfare projects. In 2022, the Group cooperated with Jiangsu Women and Children's Foundation (江蘇省婦女兒童基金會) to organise the "Golden Eagle Philharmonic" (金鷹愛樂) project to promote the arts of symphony music through its retail stores. The Group co-operated with Sina Jiangsu and Jiangsu Provincial Women and Children Welfare Foundation to carry out care for women public welfare activities, and the topic "Nanjing lights up 368 metres of roses" landed on No. 1 Weibo search list in the same city, with a total reading volume of over 4.7 million. The Group also co-operated with Jiangsu Satellite TV News Channel to produce a documentary series about the public welfare theme "Any Door to Time – 30 Years of a Better Life" that looked back at the changes and improvements of people's quality of life in the past 30 years.



On 23 September 2022, with the supports and fundings of Golden Eagle Group, the Golden Eagle signing tour for the new book "I Hear the World Is Colorful" written by disabled flutist Wu Jing was commenced in Nanjing Golden Eagle World Store. The signing event ended successfully at Nanjing Xinjiekou Store and Nanjing Hubin Tiandi Store on 24 September 2022. At the signing event, Wu Jing shared her colorful symphony of life, convey positive energy and humanistic spirit to society. In 2023, signing activities will continue to be held in Golden Eagle stores in Yangzhou, Taizhou, Xuzhou and other cities.

The above aggregate promotional expenses incurred by the Group amounted to RMB213,200.

Environmental, Social and Governance Report

Anti-pandemic and disaster relief

The Group attaches great importance over the development of the pandemic. In 2022, against the backdrop of resurgence of COVID-19 pandemic, the Group continued to strictly comply with the relevant government requirements on pandemic prevention and control, to ensure pandemic prevention and sufficient supply of daily necessities, to support merchants and business partners, and to coordinate various resources from the society to jointly fight against the pandemic.

- At the beginning of 2022, at the 5th "Thank you for not going home" public welfare activity, the Group's 6 stores in Nanjing sent out a total of 2,022 heart-warming New Year Gift boxes with monetary value of approximately RMB100,000 to the cultural and tourism industry front-line workmen and volunteers to pay tribute for them committing to their front-line posts during the festival despite the resurgence of epidemic.

- In 2022, a total of 29 stores, including Nanjing Golden Eagle World Store and Yancheng Julonghu Store, have been designated as the temporary nucleic acid testing centre for 1,885 times and as mobile vaccination centre for 11 times. These stores also provided heatstroke prevention and cooling supplies, work meals and other supports to the medical staff during the relevant periods.

- The Group partnered with various charitable foundations, organisations and brands to organise nearly 15 activities in various cities in Jiangsu Province to show supports to front-line workers, including medical staff, social workers, policemen, healthcare supervisors and street sanitation workers, and to those who had been affected by the pandemic, including left-behind children and the elderly, by giving out healthcare products, daily accessories, breakfast and food with monetary value of approximately RMB19,000.



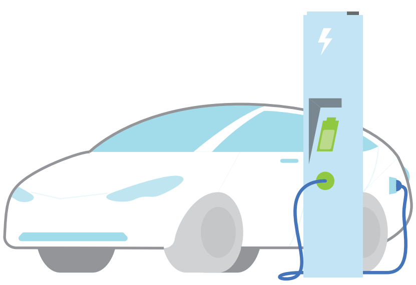
Environmental, Social and Governance Report

Environmental, Social and Governance Reporting Guide of The Stock Exchange of Hong Kong Limited

A.	**Environment**	**Section Reference (Page Number)**
A1.	**Emissions**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Environment – Emission (38) – (41)
A1.1	The types of emissions and respective emissions data	(38)
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity	(38)
A1.3	Total hazardous waste produced and intensity	The Group does not produce any hazardous waste.
A1.4	Total non-hazardous waste produced and intensity	(38)
A1.5	Description of emission target(s) set and steps taken to achieve them	(38) – (46)
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	The Group does not produce any hazardous waste. For non-hazardous waste, reduction initiatives and results achieved, please refer to (39) – (41)
A2.	**Use of Resources**	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Environment – Use of Resources (41) – (44)
A2.1	Direct and/or indirect energy consumption by type in total and intensity	(38)

Environmental, Social and Governance Report

A2.	Use of Resources	Section Reference (Page Number)
A2.2	Water consumption in total and intensity	(38)
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	(41) – (43), (46)
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	(44), (46)
A2.5	Total packaging material used for finished products	Considered irrelevant
A3.	**The Environment and Natural Resources**	
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources	Environment – Environment and natural resources (45) – (46)
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	(45) – (46)
A4.	**Climate Change**	
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	Environment – Climate Change (48)
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	(48)



Environmental, Social and Governance Report

B.	Social	Section Reference (Page Number)
B1.	**Employment**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Employment and Labour Practices – Employment (49) – (51)
B1.1	Total workforce by gender, employment type, age group and geographical region	(50)
B1.2	Employee turnover rate by gender, age group and geographical region	(54) – (55)
B2.	**Health and Safety**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Employment and Labour Practices – Health and Safety (51) – (52)
B2.1	Number and rate of work-related fatalities occurred in each of the past three years	(52)
B2.2	Lost days due to work injury	(52)
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	(51) – (52)
B3.	**Development and Training**	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Employment and Labour Practices – Development and Training (53) – (54)
B3.1	The percentage of employees trained by gender and employee category	(54)
B3.2	The average training hours completed per employee by gender and employee category	(54)

B4.	**Labour Standards**	**Section Reference (Page Number)**
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Employment and Labour Practices – Labour Standards (55)
B4.1	Description of measures to review employment practices to avoid child and forced labour	(55)
B4.2	Description of steps taken to eliminate such practices when discovered	(55)
B5.	**Supply Chain Management**	
General Disclosure	Policies on managing environmental and social risks of the supply chain	Operating Practices – Supply Chain Management (56) – (57)
B5.1	Number of suppliers by geographical region	(57)
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	(56) – (57)
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	(56) – (57)
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	(56) – (57)

B6.	Product Responsibility	Section Reference (Page Number)
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Operating Practices – Product Responsibility (58) – (59)
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	(58)
B6.2	Number of products and service related complaints received and how they are dealt with	Operating Practices – Customer Services (59)
B6.3	Description of practices relating to observing and protecting intellectual property rights	(60)
B6.4	Description of quality assurance process and recall procedures	(58)
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	Operating Practices – Customer Data Management (60)
B7.	**Anti-corruption**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Operating Practices – Anti-corruption (61) – (62)
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	(62)
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	(61) – (62)
B7.3	Description of anti-corruption training provided to directors and staff	(62)
B8.	**Community Investment**	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Operating Practices – Community Investment (62) – (65)
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	(62)
B8.2	Resources contributed to the focus area	(62) – (65)

Directors' Report

The Directors are pleased to present the 2022 annual report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2022.

BUSINESS REVIEW

A review of the Group's business for the year ended 31 December 2022, the future business development and the principal risks and uncertainties facing the Group, are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 9 to 13 and pages 14 to 21 of this report.

An analysis of the Group's performance during the year using financial key performance indicators is set out in the sections headed "Management Discussion and Analysis" and "Five Year Financial Summary" on pages 14 to 21 and page 8 of this report. No important event affecting the Group has occurred since the end of the financial year under review.

Discussions on the Group's environmental policies and performance, relationships with key stakeholders, and compliance with the relevant laws and regulations are set out in the section headed "Environmental, Social and Governance Report" on pages 35 to 70 of this annual report.

PRINCIPAL ACTIVITIES

The Company is an investment holding 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 principal activities of the subsidiaries, associates and joint ventures of the Company are set out in notes 45, 20 and 21 respectively to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2022 are set out in the consolidated statement of profit or loss on page 108 of this report.

The Directors have resolved not to recommend the payment of a final dividend for the year ended 31 December 2022.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years ended 31 December 2022 is set out on page 8 of this report.

PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTIES

Details of movements in property, plant and equipment, right-of-use assets and investment properties of the Group during the year are set out in notes 15 to 17 respectively to the consolidated financial statements.

Directors' Report

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

DISTRIBUTABLE RESERVES

As at 31 December 2022, the Company's reserves available for distribution to shareholders amounted to approximately RMB323.0 million (2021: RMB754.9 million).

DIRECTORS

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

Executive Directors
Mr. Wang Hung, Roger (Chairman)
Mr. Tan Jianlin (appointed on 18 August 2022)

Independent non-executive Directors
Mr. Wong Chi Keung
Mr. Lay Danny J
Mr. Lo Ching Yan

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

According to Article 87 of the Articles of Association of the Company, Mr. Lay Danny J and Mr. Lo Ching Yan will retire by rotation at the forthcoming annual general meeting ("2023 AGM") and being eligible, will offer themselves for re-election.

Mr. Tan Jianlin has been appointed as an executive director on 18 August 2022. According to Article 86(3) of the Articles of Association of the Company, Mr. Tan shall retire at 2023 AGM and being eligible, will offer himself for re-election.

According to code provision B.2.3 of the Corporate Governance Code under Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), if an independent non-executive director has served more than 9 years, his appointment should be subject to a separate resolution to be approved by the shareholders. Mr. Wong Chi Keung was appointed as an independent non-executive Director of the Company on 26 February 2006 and has served more than 9 years. For good corporate governance, Mr. Wong Chi Keung will retire, and being eligible, will offer himself for re-election, at the 2023 AGM. The reasons why the Board still considers Mr. Wong to be independent will be set out in the circular to be despatched to the shareholders for the convening of the 2023 AGM.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the 2023 AGM has a contract of service which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

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

As at 31 December 2022, 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 Issuers (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 HK$0.10 each of the Company ("Shares")

Name of Director	Personal interests	Corporate interests	Total interests	Total interests as percentage of the issued share capital
Mr. Wang Hung, Roger ("Mr. Wang")	4,250,000	1,151,268,000	1,155,518,000 (Note)	69.60%

Note: These 1,155,518,000 Shares comprised (i) 1,151,268,000 Shares beneficially held by the 2004 RVJD Family Trust's ("Family Trust") interest in GEICO Holdings Ltd., which in turn is interested in the entire issued share capital of Golden Eagle International Retail Group Limited, to which Mr. Wang is the trustee; (ii) 4,000,000 Shares held by Mr. Wang as the beneficial owner; and (iii) 250,000 Shares beneficially held by Ms. Wang Hsu Vivine H ("Mrs. Wang"), the spouse of Mr. Wang. By virtue of the SFO, Mr. Wang is deemed to be interested in all the Shares held by the Family Trust and Mrs. Wang. Mrs. Wang is deemed to be interested in all the Shares held by Mr. Wang.

Save as disclosed above, as at 31 December 2022, 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.

Directors' Report

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

As at 31 December 2022, 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 of the Company, the following shareholders had notified the Company of their relevant interests and short 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 Ltd. (Note 1)	Interest in controlled corporation	1,151,268,000	69.35%
Golden Eagle International Retail Group Limited (Note 1)	Beneficial owner	1,151,268,000	69.35%
RVJD Holding Limited (Note 2)	Interest in controlled corporation	165,880,000	9.99%
RVJD STAR Company (Note 2)	Beneficial owner	165,880,000	9.99%
ICFI HK (U.S.A.) Investments, LLC	Beneficial owner	119,232,588	7.18%

Notes:

1. These Shares were held by Golden Eagle International Retail Group Limited, a wholly-owned subsidiary of GEICO Holdings Ltd. which is in turn wholly-owned by the Family Trust. Mr. Wang is the trustee.

2. These Shares were held by RVJD STAR Company, a wholly-owned subsidiary of RVJD Holding Limited which is in turn wholly-owned by The 2019 RVJD STAR Trust, a discretionary trust with Cititrust Private Trust (Cayman) Limited as the trustee. None of the Directors are beneficiaries of the trust. The 2019 RVJD STAR Trust is not a core connected person (as defined in the Listing Rules) of the Company and its shareholding in the Company is counted towards the Company's public float under the Listing Rules.

Save as disclosed above, as at 31 December 2022, the Company had not been notified of any other relevant interests or short positions in the shares and underlying shares 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 or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

Directors' Report

DIRECTORS' INDEMNITY

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

The Company has taken out appropriate insurance cover in respect of legal actions against the Directors during the year ended 31 December 2022.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

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

ANNUAL REVIEW OF CONTINUING CONNECTED TRANSACTIONS

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

On 28 August 2007, 南京金鷹珠江路購物中心有限公司 (formally known as 南京金鷹天地購物中心有限公司) (Nanjing Golden Eagle Zhujiang Road Shopping Centre Co., Ltd.* ("Nanjing Golden Eagle"), or where the context so requires, the department store operated by such company ("Nanjing Zhujiang Road Store")) entered into a tenancy agreement (the "Zhujiang Tenancy Agreement") in respect of the lease of 1st to 5th floor of Zhujiang No. 1 Plaza with 南京珠江壹號實業有限公司 (Nanjing Zhujiang No. 1 Industry Co., Ltd.*) ("Nanjing Zhujiang No. 1"), a connected person of the Company as it is a company ultimately and wholly-owned by Mr. Wang, for a term of 20 years commencing from 28 December 2007. The aforesaid parties have entered into a supplemental agreement (the "First Supplemental Agreement") on 4 June 2008 amending the area of the property to be leased from approximately 22,780 square metres to approximately 24,545.46 square metres (the "Nanjing Zhujiang Properties").

On 29 December 2008, the aforesaid parties entered into a second supplemental agreement (the "Second Supplemental Agreement"), in respect of the lease of units at basement 1st and 2nd floor of the south wing (the "South Additional Units") and units at 2nd to 4th floor of the north wing of Zhujiang No. 1 Plaza (the "North Additional Units") with an aggregate gross floor area ("GFA") of approximately 6,278 square metres for the period between the date on which the South Additional Units and North Additional Units (the "Additional Nanjing Zhujiang Properties") commence operation to 27 December 2027. The South Additional Units commenced operations in phases at around February 2009 and the North Additional Units commenced operations on 16 May 2009.

* *For identification purpose only*

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

(a) Nanjing Zhujiang No. 1 agrees to lease basement 1st floor to 1st floor of the north wing of Zhujiang No. 1 Plaza with an aggregate GFA of approximately 2,755 square metres (the "Further Additional Nanjing Zhujiang Properties") to Nanjing Zhujiang Road Store from the date on which the Third Supplemental Agreement becomes effective to 27 December 2027. The Nanjing Zhujiang Properties, the Additional Nanjing Zhujiang Properties and the Further Additional Nanjing Zhujiang Properties with an aggregate GFA of approximately 33,578.46 square metres are collectively referred to as the "Total Nanjing Zhujiang Properties";

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

(i) with respect to those concessionaires:

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

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

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

(the "Applicable Rental on Concessionaires (4%)");

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

50% of the rental proceeds derived from sub-letting the units (the "Applicable Rental on Sub-letting") in the Total Nanjing Zhujiang Properties (less business tax and other relevant taxes);

(iii) with respect to supermarket operations:

4% of the gross sales proceeds (less value-added tax) derived from the operation of supermarket (the "Applicable Rental on Supermarket Operations").

Directors' Report

The entering into of the Zhujiang Tenancy Agreement (as amended and supplemented) allows the Group to secure tenancy for a department store which is located at a prime location in Nanjing.

The adjusted rental was arrived at after arm's length negotiations taking into account the long-term development of the Group. The rental expenses paid by the Group under the Zhujiang Tenancy Agreement (as amended and supplemented) for the year ended 31 December 2022 amounted to RMB18,589,000.

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

On 29 December 2008, 上海金鷹國際購物廣場有限公司 (formally known as 上海金鷹國際購物中心有限公司) (Shanghai Golden Eagle International Shopping Plaza Co., Ltd.*, or where the context so requires, the department store operated by such company ("Shanghai Store")) entered into a tenancy agreement (the "Shanghai Tenancy Agreement") in respect of the lease of the entire 1st to 5th floor, a portion of the 6th floor and the relevant accessory room of Golden Eagle Shopping Plaza with an aggregate GFA of approximately 26,277.17 square metres (the "Shanghai Properties") with 上海金鷹天地實業有限公司 (Shanghai Golden Eagle Tiandi Industry Limited*) ("Shanghai Golden Eagle Tiandi"), a connected person of the Company as it is a company ultimately and wholly-owned by Mr. Wang, for a term of 20 years commencing from 28 May 2009.

The aforesaid parties subsequently entered into (i) the first supplemental agreement on 19 December 2013 adjusting the annual rental payable by Shanghai Store to Shanghai Golden Eagle Tiandi for the year ended 31 December 2013 while the entire leased premise underwent internal renovation and adjusting the calculation of the annual rental subsequently payable; and (ii) the second supplemental agreement on 18 March 2015 extending the internal renovation period until 30 September 2015 (subject to adjustment as may be agreed between the parties) and further adjusting the calculation of the annual rental subsequently payable.

On 29 December 2017, Shanghai Store and Shanghai Golden Eagle Tiandi entered into the third supplemental agreement, pursuant to which the parties agree that:

(a) Shanghai Golden Eagle Tiandi agrees to lease the entire 7th to 8th floor and a portion of the 9th floor of Golden Eagle Shopping Plaza (the "Additional Shanghai Properties") with an aggregate GFA of approximately 8,885.77 square metres to Shanghai Store from 1 January 2018 to 27 May 2029; and

(b) with effect from 1 January 2018, the Shanghai Properties and the Additional Shanghai Properties with an aggregate GFA of approximately 35,162.94 square metres (collectively referred to as the "Total Shanghai Properties") are subject to property management fee payable by Shanghai Store to Shanghai Golden Eagle Tiandi equivalent to the actual property management costs incurred plus a mark-up of 10%.

* *For identification purpose only*

The annual rental payable by Shanghai Store to Shanghai Golden Eagle Tiandi for the lease of the Total Shanghai Properties shall be adjusted and equivalent to the aggregate of:

(a) with respect to those concessionaires, the Applicable Rental on Concessionaires (4%);

(b) with respect to sub-letting of units, the Applicable Rental on Sub-letting.

As ancillary facilities and services to the lease, Shanghai Golden Eagle Tiandi shall also provide property management services, including but not limited to provision of cleaning, environmental and greenery services, in respect of the nearby area outside the Shanghai Store at the actual costs incurred by Shanghai Golden Eagle Tiandi plus a mark-up of 10%.

The purpose of entering into the Shanghai Tenancy Agreement (as amended and supplemented) is to use the Total Shanghai Properties, which are located at a prime location in Shanghai, for the Group to commence its department store operations in Shanghai and acts as a platform for the Group to cooperate with international brands.

The adjusted rental was arrived at after arm's length negotiations taking into account the long-term development of the Group. The rental expenses and property management fees paid by the Group under the Shanghai Tenancy Agreement (as amended and supplemented) for the year ended 31 December 2022 amounted to RMB20,050,000.

Lease of property for outlet store operation from Golden Eagle International Group by Nanjing Hanzhong Store

On 3 July 2019, 南京金鷹商貿特惠中心有限公司 (Nanjing Golden Eagle Retail Outlet Co., Ltd.*, or where the context so requires, the outlet store operated by such company ("Nanjing Hanzhong Store")) entered into a tenancy agreement (the "Hanzhong Plaza Tenancy Agreement") in respect of the lease of a 5-storey shopping plaza with an underground accessory room (the "Hanzhong Plaza") with 南京金鷹國際集團有限公司 (Nanjing Golden Eagle International Group Co., Ltd.*) ("Golden Eagle International Group") for a term of 10 years commencing from 18 October 2019, the effective date of the Hanzhong Plaza Tenancy Agreement, in order to facilitate the Group to maintain one of its existing stores at Nanjing which had been in operation for 10 years since 2009. Golden Eagle International Group is a connected person of the Company as it is a company ultimately and wholly-owned by Mr. Wang.

* *For identification purpose only*

The annual rental payable by Nanjing Hanzhong Store to Golden Eagle International Group for the lease of the Hanzhong Plaza, which with a total GFA of approximately 12,462.02 square metres, shall be equivalent to the aggregate of:

(a) with respect to those concessionaires, the Applicable Rental on Concessionaires (4%);

(b) with respect to sub-letting of units, the Applicable Rental on Sub-letting.

As ancillary facilities and services to the lease, Golden Eagle International Group shall also provide free car parking spaces to the customers of Nanjing Hanzhong Store whereas Nanjing Hanzhong Store shall pay carpark fees at the rate offered by Golden Eagle International Group to the general public from time to time, which currently is RMB6.0 per hour, as part of the value-added customer services of Nanjing Hanzhong Store.

The consideration was arrived at after arm's length negotiations taking into account the long-term development of the Group. The rental expenses and carpark fees paid by the Group under the Hanzhong Plaza Tenancy Agreement for the year ended 31 December 2022 amounted to RMB8,123,000.

Lease of property for lifestyle centre operation from Xianlin Technology by Nanjing Hubin Tiandi Store

On 9 November 2009, 南京仙林金鷹購物中心有限公司 (Nanjing Xianlin Golden Eagle Shopping Centre Co., Ltd.* ("Xianlin Golden Eagle Shopping"), or where the context so requires, the lifestyle centre operated by such company ("Nanjing Hubin Tiandi Store")) entered into a tenancy agreement (the "Xianlin Tenancy Agreement") in respect of the lease of the ground floor to 4th floor of Block A of Zone A Xianlin Hubin Tiandi (the "Xianlin Retail Area") with 南京仙林金鷹天地科技實業有限公司 (formerly known as 南京仙林金鷹置業有限公司) (Nanjing Xianlin Golden Eagle Tiandi Technology Industry Co., Ltd.*) ("Xianlin Technology"), a connected person of the Company as it is a company ultimately and wholly-owned by Mr. Wang, for a term of 20 years commencing from 18 December 2009.

On 10 November 2010, the aforesaid parties entered into another lease agreement (the "Additional Xianlin Tenancy Agreement") in respect of the lease of the ground floor and the 1st floor of Blocks C and E and the ground floor of Blocks D and F of Zone A Xianlin Hubin Tiandi (the "Additional Xianlin Retail Area"), pursuant to which Xianlin Technology shall lease to Nanjing Hubin Tiandi Store the Additional Xianlin Retail Area for a period between the date on which the Additional Xianlin Retail Area commences operation to 17 December 2029.

On 20 January 2012, the aforesaid parties entered into (a) a supplemental agreement to the Xianlin Tenancy Agreement (the "Xianlin Supplemental Agreement") amending certain terms of the Xianlin Tenancy Agreement and (b) a supplemental agreement to the Additional Xianlin Tenancy Agreement (the "Additional Xianlin Supplemental Agreement") (i) amending certain terms of the Additional Xianlin Tenancy Agreement and (ii) leasing the ground floor of Block B, the ground floor and the 1st floor of Block E and the ground floor of Block F of Zone A Xianlin Hubin Tiandi (the "Further Additional Xianlin Retail Area"). The amended terms on rental payable under the supplemental agreements shall be effective from 1 July 2011 while the terms in respect of the lease of the Further Additional Xianlin Retail Area commences from the date of delivery of the said area to 17 December 2029.

* *For identification purpose only*

Directors' Report

The aforesaid parties subsequently entered into (i) the second supplemental agreement on 19 December 2013 removing the minimum guaranteed rental with effect from 1 January 2013; (ii) the third supplemental agreement on 18 March 2015 adjusting the calculation of the annual rental payable with retrospective effect from 1 January 2015 onwards; and (iii) the fourth supplemental agreement on 3 July 2019 leasing certain area of the ground floor to the 3rd floor of Block B, the ground floor and the 1st floor of Block C and the ground floor of Block D of Zone A Xianlin Hubin Tiandi (the "2019 Further Additional Xianlin Retail Area") for a period between 18 October 2019, when the fourth supplemental agreement became effective, to 17 December 2029. The Xianlin Retail Area, the Additional Xianlin Retail Area, the Further Additional Xianlin Retail Area and the 2019 Further Additional Xianlin Retail Area with an aggregate GFA of approximately 47,495.02 square metres are collectively referred to as the "Total Xianlin Retail Area".

The annual rental payable by Nanjing Hubin Tiandi Store to Xianlin Technology for the lease of the Total Xianlin Retail Area shall be adjusted and equivalent to the aggregate of:

(a) with respect to those concessionaires, the Applicable Rental on Concessionaires (4%);

(b) with respect to sub-letting of units, the Applicable Rental on Sub-letting;

(c) with respect to supermarket operations, the Applicable Rental on Supermarket Operations.

The entering into of the Total Xianlin Tenancy Agreement (as amended and supplemented) allows the Group to increase its presence and market share in Nanjing. The adjusted rental was arrived at after arm's length negotiations taking into account the long-term development of the Group. The rental expenses paid by the Group under the Total Xianlin Tenancy Agreement (as amended and supplemented) for the year ended 31 December 2022 amounted to RMB22,899,000.

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

On 20 January 2012, 鹽城金鷹國際購物中心有限公司 (Yancheng Golden Eagle International Shopping Centre Co., Ltd.* ("Yancheng Golden Eagle Shopping"), or where the context so requires, the outlet store operated by such company ("Yancheng Outlet Store")) entered into a tenancy agreement (the "Yancheng Outlet Tenancy Agreement") in respect of the lease of Blocks D, E, F, G, H and M of Golden Eagle Longhu No. 1 with an aggregate GFA of approximately 18,354.17 square metres ("Yancheng Outlet Lease Area") with 鹽城金鷹科技實業有限公司 (formerly known as 鹽城金國聯置業有限公司) (Yancheng Golden Eagle Technology Industry Co., Ltd.*) ("Yancheng Technology"), a connected person of the Company as it is a company ultimately and wholly-owned by Mr. Wang, for a term of 10 years commencing from 18 May 2012. The purpose of entering into the Yancheng Outlet Tenancy Agreement is to facilitate the Group to further enhance its presence, market share and competitiveness in Yancheng in which the Group is already enjoying a leading position.

On 19 December 2013, the aforesaid parties entered into a supplemental agreement, removing the minimum guaranteed rental with effect from 1 January 2013.

* *For identification purpose only*

Directors' Report

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

(a) with respect to those concessionaires:

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

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

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

(the "Applicable Rental on Concessionaires (4.5%)")

(b) with respect to sub-letting of units, the Applicable Rental on Sub-letting.

The Yancheng Outlet Tenancy Agreement (as amended and supplemented) was expired on 17 May 2022. On 30 September 2021, Yancheng Golden Eagle Shopping and Yancheng Technology entered into another tenancy agreement (the "2022 Yancheng Outlet Tenancy Agreement") in respect of the lease of the Yancheng Outlet Lease Area for the same lease term for a term of 10 years commencing from 18 May 2022, the effective date of the 2022 Yancheng Outlet Tenancy Agreement. Pursuant to the 2022 Yancheng Outlet Tenancy Agreement, as ancillary facilities and services to the lease, Yancheng Technology shall also provide (i) free car parking spaces to the customers of Yancheng Outlet Store whereas Yancheng Outlet Store shall pay carpark fees at not less than 20% discount of the normal car parking fee offered by Yancheng Technology to the general public from time to time, which currently is RMB5.0 for the first two hours and RMB1.0 per subsequent hour but is free of charge to Yancheng Outlet Store, as part of the value-added customer services of Yancheng Outlet Store; and (ii) property management services, including but not limited to provision of cleaning, environmental and greenery services, in respect of the nearby area outside the Yancheng Outlet Lease Area at the actual costs incurred by Yancheng Technology plus a mark-up of 10%.

The adjusted rental was arrived at after arm's length negotiations taking into account the long-term development of the Group. The rental expenses paid by the Group under the Yancheng Outlet Tenancy Agreement (as amended and supplemented) for the year ended 31 December 2022 amounted to RMB3,277,000 and the rental expenses paid by the Group under the 2022 Yancheng Outlet Tenancy Agreement for the same year amounted to RMB4,482,000.

Lease of property for lifestyle centre operation from Golden Eagle International Group and Golden Eagle International Industry by Golden Eagle (China)

On 16 April 2014, 金鷹國際商貿集團（中國）有限公司 (Golden Eagle International Retail Group (China) Co., Ltd.* ("Golden Eagle (China)"), or where the context so requires, the lifestyle centre operated by such company ("Nanjing Xinjiekou Store")) entered into a tenancy agreement (the "Xinjiekou Store Block B Tenancy Agreement") in respect of the lease of basement 1st floor, 7th to 9th floor of Golden Eagle Centre Tower B together with the ancillary facilities with an aggregate GFA of approximately 29,242 square metres (the "Xinjiekou Store Block B Lease Area") with Golden Eagle International Group for a term of 20 years commencing from 26 April 2014. The purpose of entering into the Xinjiekou Store Block B Tenancy Agreement is to enlarge the operating area of Nanjing Xinjiekou Store to transform it into a comprehensive lifestyle centre to further enhance the Group's presence, market share and competitiveness in Nanjing in which the Group is already enjoying a leading position.

The aforesaid parties subsequently entered into (i) the first supplemental agreement on 18 March 2015 adjusting the calculation of the annual rental payable with retrospective effect from 1 January 2015 onwards; and (ii) the second supplemental agreement on 29 September 2020 leasing additional area located at basement 1st floor of Golden Eagle Centre Tower A with a GFA of approximately 2,700 square metres (the "Additional Xinjiekou Store Block B Lease Area") for a period from 1 January 2021 to 25 April 2034.

In addition, on 29 September 2020, Golden Eagle (China) entered into a tenancy agreement (the "7/F Xinjiekou Store Block A Tenancy Agreement") in respect of the lease of 7th floor of Golden Eagle Centre Tower A with a GFA of approximately 5,420.79 square metres ("7/F, Xinjiekou Store Block A Lease Area") with 南京金鷹國際實業有限公司 (Nanjing Golden Eagle International Industry Co., Ltd. *) ("Golden Eagle International Industry"), a connected person of the Company as it is a company ultimately and wholly-owned by Mr. Wang, for a period from 1 January 2021 to 25 April 2034.

The Xinjiekou Store Block B Lease Area, the Additional Xinjiekou Store Block B Lease Area and the 7/F, Xinjiekou Store Block A Lease Area with an aggregate GFA of approximately 37,362.79 square metres are collectively referred to as the "Total Xinjiekou Store Lease Area".

The annual rental payable by Golden Eagle (China) to Golden Eagle International Group and Golden Eagle International Industry for the Total Xinjiekou Store Lease Area shall be adjusted and equivalent to the aggregate of:

(a) with respect to those concessionaires, the Applicable Rental on Concessionaires (4%);

(b) with respect to sub-letting of units, the Applicable Rental on Sub-letting;

(c) with respect to supermarket operations (under the Xinjiekou Store Block B Tenancy Agreement (as amended and supplemented) only), the Applicable Rental on Supermarket Operations.

* *For identification purpose only*

The adjusted rental under the Xinjiekou Store Block B Tenancy Agreement (as amended and supplemented) was arrived at after arm's length negotiations taking into account the long-term development of the Group. The rental expenses paid by the Group to Golden Eagle International Group under the Xinjiekou Store Block B Tenancy Agreement (as amended and supplemented) for the year ended 31 December 2022 amounted to RMB30,522,000.

The rental under the 7/F Xinjiekou Store Block A Tenancy Agreement was arrived at after arm's length negotiations with reference to the prevailing market rates, that 7/F, Xinjiekou Store Block A Lease Area will be delivered to the Group at the roughcast state on commencement of the term, and with reference to the Xinjiekou Store Block B Tenancy Agreement (as amended and supplemented). The rental expenses paid by the Group to Golden Eagle International Industry under the 7/F Xinjiekou Store Block A Tenancy Agreement for the year ended 31 December 2022 amounted to RMB1,147,000.

Lease of property for lifestyle centre operation from Yancheng Technology by Yancheng Julonghu Store

On 18 March 2015, 鹽城金鷹聚龍湖購物中心有限公司 (Yancheng Golden Eagle Julonghu Shopping Centre Co., Ltd.* ("Yancheng Julonghu Shopping"), or where the context so requires, the lifestyle centre operated by such company ("Yancheng Julonghu Store")) entered into a tenancy agreement in respect of the lease of (i) basement 2nd to 7th floor, Block 5, Yancheng Golden Eagle Tiandi Plaza and (ii) basement 1st to 3rd floor, Block 6, Yancheng Golden Eagle Tiandi Plaza with an aggregate GFA of approximately 110,848 square metres (the "Yancheng Julonghu Tenancy Agreement") with Yancheng Technology for a term of 20 years commencing from 6 September 2014. The purpose of entering into the Yancheng Julonghu Tenancy Agreement is to further solidify the Group's presence, market share and competitiveness in Yancheng in which the Group is already enjoying a leading position.

The annual rental payable by Yancheng Julonghu Store to Yancheng Technology shall be equivalent to the aggregate of:

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

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

    (i) with respect to those concessionaires, the Applicable Rental on Concessionaires (4%);

    (ii) with respect to sub-letting of units, the Applicable Rental on Sub-letting;

    (iii) with respect to supermarket operations, the Applicable Rental on Supermarket Operations.

As ancillary facilities and services to the lease, Yancheng Technology shall also provide (i) free car parking spaces to the customers of Yancheng Julonghu Store whereas Yancheng Julonghu Store shall pay carpark fees at not less than 20% discount of the normal car parking fee offered by Yancheng Technology to the general public from time to time, which currently is RMB5.0 for the first two hours and RMB1.0 per subsequent hour, as part of the value-added customer services of Yancheng Julonghu Store; and (ii) property management services, including but not limited to provision of cleaning, environmental and greenery services, in respect of the nearby area outside Yancheng Julonghu Store at the actual costs incurred by Yancheng Technology plus a mark-up of 10%.

* *For identification purpose only*

The consideration was arrived at after arm's length negotiations taking into account that the property was delivered to the Group at roughcast state and with reference to the prevailing market rate. The rental expenses, property management fees and carpark fees paid by the Group to Yancheng Technology under the Yancheng Julonghu Tenancy Agreement for the year ended 31 December 2022 amounted to RMB37,788,000.

Lease of property for lifestyle centre operation from Danyang Golden Eagle Tiandi by Danyang Store

On 18 March 2015, 丹陽金鷹國際購物中心有限公司 (Danyang Golden Eagle International Shopping Centre Co., Ltd.*, or where the context so requires, the lifestyle centre operated by such company ("Danyang Store")) entered into a tenancy agreement in respect of the lease of all parts of 1st to 8th floor and a portion of basement 1st floor, North Zone, Block 16 of Danyang Golden Eagle Tiandi Plaza with an aggregate GFA of approximately 51,755.42 square metres and the ancillary facilities (the "Danyang Tenancy Agreement") with 丹陽金鷹天地實業有限公司 (Danyang Golden Eagle Tiandi Industry Co., Ltd.*) ("Danyang Golden Eagle Tiandi"), a connected person of the Company as it is a company ultimately and wholly-owned by Mr. Wang, for a term of 20 years commencing from 1 January 2015. The purpose of entering into the Danyang Tenancy Agreement is to further solidify the Group's presence, market share and competitiveness in Jiangsu Province in which the Group is already enjoying a leading position.

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

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

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

    (i) with respect to those concessionaires, the Applicable Rental on Concessionaires (4%);

    (ii) with respect to sub-letting of units, the Applicable Rental on Sub-letting;

    (iii) with respect to supermarket operations, the Applicable Rental on Supermarket Operations.

As ancillary facilities and services to the lease, Danyang Golden Eagle Tiandi shall also provide (i) free car parking spaces to the customers of Danyang Store whereas Danyang Store shall pay car parking fees at not less than 20% discount of the normal car parking rate offered by Danyang Golden Eagle Tiandi to the general public from time to time, which is currently RMB6.0 per hour (with first half of hour free of charge) but is temporarily free of charge to Danyang Store, as part of the value-added customer services of Danyang Store; and (ii) property management services, including but not limited to the provision of cleaning, environmental and greenery services, in respect of the nearby area outside the Danyang Store at the actual costs incurred by Danyang Golden Eagle Tiandi plus a mark-up of 10%.

* *For identification purpose only*

The consideration was arrived at after arm's length negotiations taking into account that the property was delivered to the Group at roughcast state and with reference to the prevailing market rate. The rental expenses paid by the Group to Danyang Golden Eagle Tiandi under the Danyang Tenancy Agreement for the year ended 31 December 2022 amounted to RMB6,695,000.

Lease of property for lifestyle centre operation from Nanjing Jiangning Technology by Nanjing Jiangning Store

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

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

(a) with respect to those concessionaires, the Applicable Rental on Concessionaires (4.5%);

(b) with respect to sub-letting of units, the Applicable Rental on Sub-letting;

(c) with respect to supermarket operations, the Applicable Rental on Supermarket Operations.

As ancillary facilities and services to the lease, Nanjing Jiangning Technology shall also provide (i) free car parking spaces to the customers of Nanjing Jiangning Store whereas Nanjing Jiangning Store shall pay car parking fees at not less than 20% discount of the normal car parking rate offered by Nanjing Jiangning Technology to the general public from time to time, which currently is RMB3.0 per hour, as part of the value-added customer services of Nanjing Jiangning Store; and (ii) property management services, including but not limited to the provision of cleaning, environmental and greenery services, in respect of the nearby area outside the Nanjing Jiangning Store at the actual costs incurred by Nanjing Jiangning Technology plus a mark-up of 10%.

The consideration was arrived at after arm's length negotiations taking into account that the property was delivered to the Group at renovated state and with reference to the prevailing market rate. The rental expenses and property management fees paid by the Group to Nanjing Jiangning Technology under the Jiangning Tenancy Agreement for the year ended 31 December 2022 amounted to RMB62,005,000.

* *For identification purpose only*

Directors' Report

Lease of property for lifestyle centre operation from Ma'anshan Golden Eagle Tiandi by Ma'anshan Store

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

On 30 September 2021, the aforesaid parties entered into a supplemental agreement in respect of the lease of the remaining portion of basement 1st floor, 1st to 5th floor, Podium Building, Ma'anshan Golden Eagle Tiandi Plaza with an aggregate GFA of approximately 40,870.88 square metres (the "Additional Ma'anshan Lease Area", together with the Ma'anshan Lease Area collectively referred to as the "Total Ma'anshan Lease Area" which with an aggregated GFA of approximately 128,438.74 square metres) for a term commencing from 16 December 2021, the effective date of the supplemental agreement, to 28 August 2035.

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

(a) with respect to those concessionaires, the Applicable Rental on Concessionaires (4.5%);

(b) with respect to sub-letting of units, the Applicable Rental on Sub-letting;

(c) with respect to supermarket operations, the Applicable Rental on Supermarket Operations.

As ancillary facilities and services to the lease, Ma'anshan Golden Eagle Tiandi shall also provide (i) free car parking spaces to the customers of Ma'anshan Store whereas Ma'anshan Store shall pay car parking fees at not less than 20% discount of the normal car parking rate offered by Ma'anshan Golden Eagle Tiandi to the general public from time to time, which currently is RMB3.0 per hour, as part of the value-added customer services of Ma'anshan Store; and (ii) property management services, including but not limited to the provision of cleaning, environmental and greenery services, in respect of the nearby area outside the Ma'anshan Store at the actual costs incurred by Ma'anshan Golden Eagle Tiandi plus a mark-up of 10%.

The consideration was arrived at after arm's length negotiations taking into account that the property was delivered to the Group at renovated state and with reference to the prevailing market rate. The rental expenses and carpark fees paid by the Group to Ma'anshan Golden Eagle Tiandi under the Ma'anshan Tenancy Agreement (as amended and supplemented) for the year ended 31 December 2022 amounted to RMB38,588,000.

* *For identification purpose only*

Lease of property for lifestyle centre operation from Nanjing Jianye Technology by Golden Eagle World Store

On 29 December 2017, 南京建鄴金鷹購物中心有限公司 (Nanjing Jianye Golden Eagle Shopping Centre Co., Ltd.*, or where the context so requires, the lifestyle centre operated by such company ("Golden Eagle World Store") entered into a tenancy agreement (the "Golden Eagle World Tenancy Agreement") in respect of the lease of a portion of basement 1st floor, 1st to 9th floor, Golden Eagle World Tower A with an aggregate GFA of approximately 227,396 square metres ("Golden Eagle World Lease Area") with 南京建鄴金鷹科技發展有限公司 (formerly known as 南京建鄴金鷹置業有限公司) (Nanjing Jianye Golden Eagle Technology Development Co., Ltd.*) ("Nanjing Jianye Technology"), a connected person of the Company as it is a company ultimately and wholly-owned by Mr. Wang, for a term of 20 years commencing from 18 November 2017. Golden Eagle World is the world's tallest asymmetric three-tower skyscraper with a total GFA of approximately 920,000 square metres. Tower A is the tallest among the three towers with 368 metres high and the other two towers with 328 metres and 300 metres high respectively. The three towers are connected with a skyscraper corridor which is at 190 metres above the ground. Golden Eagle World is expected to become a new commercial landmark and tourism destination in eastern China and even the entire China. The opening of Golden Eagle World Store is expected to reinforce the Group's leading industry position in Yangtze River Delta region and become a long-term growth driver for the Group in the next two decades.

On 3 July 2019, the aforesaid parties entered into a supplemental agreement in respect of the lease of basement 2nd floor of Golden Eagle World Tower A with a GFA of approximately 23,623 square metres (the "Additional Golden Eagle World Lease Area", together with the Golden Eagle World Lease Area collectively referred to as the "Total Golden Eagle World Lease Area" which with an aggregated GFA of approximately 251,019 square metres) for a term commencing from 18 October 2019, the effective date of the supplemental agreement, to 17 November 2037.

The annual rental payable by Golden Eagle World Store to Nanjing Jianye Technology shall be equivalent to the aggregate of:

(a) with respect to those concessionaires, the Applicable Rental on Concessionaires (4.5%);

(b) with respect to sub-letting of units, the Applicable Rental on Sub-letting;

(c) with respect to supermarket operations, the Applicable Rental on Supermarket Operations.

As ancillary facilities and services to the lease, Nanjing Jianye Technology shall also provide (i) free car parking spaces to the customers of Golden Eagle World Store whereas Golden Eagle World Store shall pay car parking fees at not less than 20% discount of the normal car parking rate offered by Nanjing Jianye Technology to the general public from time to time, which currently is RMB6.0 per hour, as part of the value-added customer services of Golden Eagle World Store; and (ii) property management services, including but not limited to the provision of cleaning, environmental and greenery services, in respect of the nearby area outside the Golden Eagle World Store at the actual costs incurred by Nanjing Jianye Technology plus a mark-up of 10%.

* *For identification purpose only*

The consideration was arrived at after arm's length negotiations taking into account the Total Golden Eagle World Lease Area was delivered to the Group at renovated state and with reference to the prevailing market rate. The rental expenses, property management fees and carpark fees paid by the Group to Nanjing Jianye Technology under the Golden Eagle World Tenancy Agreement (as amended and supplemented) for the year ended 31 December 2022 amounted to RMB126,389,000.

Lease of property for supermarket operation from Lianyungang Properties by Lianyungang Supermarket

On 31 December 2018, 連雲港金鷹國際購物中心有限公司 (Lianyungang Golden Eagle International Shopping Centre Co., Ltd.*, or where the context so requires, the supermarket operated by such company ("Lianyungang Supermarket")) entered into a tenancy agreement in respect of the lease of basement floor of Block 11, Golden Eagle International Garden with a GFA of approximately 938 square metres (the "Lianyungang Tenancy Agreement") with 連雲港金鷹置業有限公司 (Lianyungang Golden Eagle Properties Co., Ltd.*) ("Lianyungang Properties"), a connected person of the Company as it is a company ultimately and wholly-owned by Mr. Wang, for a term of 3 years commencing from 1 January 2022. The annual rental and property management fees payable by Lianyungang Supermarket under the Lianyungang Tenancy Agreement shall be RMB137,000 and RMB22,500 respectively. The purpose of entering into the Lianyungang Tenancy Agreement is to facilitate the Group to secure tenancy for the prime location for its first standalone supermarket store in Jiangsu Province.

Due to the limitation in its operating scale, the Group has decided to cease the operation of the Lianyungang Supermarket during the year, the aforesaid parties entered into a termination agreement on 9 January 2023, to early terminate the Lianyungang Tenancy Agreement with effect from 15 November 2022.

The consideration was arrived at after arm's length negotiations and with reference to the prevailing market rate. The rental expenses and property management fees paid by the Group to Lianyungang Properties under the Lianyungang Tenancy Agreement for the year ended 31 December 2022 amounted to RMB104,000 and RMB18,000 respectively.

Lease of property for aquarium operation from Yancheng Technology by Yancheng Aquarium

On 30 September 2021, 鹽城金鷹聚龍湖購物中心有限公司海洋世界分公司 (Yancheng Golden Eagle Julonghu Shopping Centre Co., Ltd. (Ocean World Branch)* ("Yancheng Ocean World"), or where the context so requires, the aquarium operated by such company ("Yancheng Aquarium")) entered into a tenancy agreement in respect of the lease of basement 1st floor of Yancheng Golden Eagle Tiandi Plaza with a GFA of approximately 5,000 square metres (the "Yancheng Aquarium Tenancy Agreement") with Yancheng Technology for a term of 3 years commencing from 1 January 2022. The annual rental payable by Yancheng Aquarium under the Yancheng Aquarium Tenancy Agreement shall be equivalent to 3% of the gross sales proceeds derived from the operations of Yancheng Aquarium. The purpose of entering into the Yancheng Aquarium Tenancy Agreement is to allow the Group to secure tenancy for prime location which is in close proximity to Yancheng Julonghu Store, one of the Group's best performing young stores at Yancheng, to create synergy among Yancheng Julonghu Store and Yancheng Aquarium, attract young family customers, and fulfil target customers' need for diversified, entertaining and interesting lifestyle experiences, so as to enhance Yancheng Julonghu Store's competitiveness.

* *For identification purpose only*

In order to create flexibility for the Group’s aquarium operation, on 1 July 2022, the aforesaid parties entered into a supplemental agreement adjusting the calculation of the annual rental payment with effect from 1 July 2022. The annual rental payable by Yancheng Aquarium under the Yancheng Aquarium Tenancy Agreement (as amended and supplemented) shall be equivalent to (a) 3% of the gross sales proceeds derived from the self-operation of aquarium business by Yancheng Ocean World; or (b) with respect to sub-letting of units, the Applicable Rental on Sub-letting.

The consideration was arrived at after arm’s length negotiations taking into account the long-term development of the Group. The rental expenses paid by the Group to Yancheng Technology under the Yancheng Aquarium Tenancy Agreement (as amended and supplemented) for the year ended 31 December 2022 amounted to RMB169,000.

Cooperation Agreement on Property Lease (Offices)

On 29 September 2020, Golden Eagle International Trading Limited 金鷹國際貿易有限公司 (“Golden Eagle Trading”) entered into a cooperation agreement on property leases in respect of various office premises owned by Golden Eagle International Group or its subsidiaries located in various parts of the PRC (the “Cooperation Agreement on Property Lease (Offices)”) with Golden Eagle International Group commencing from 1 January 2021 or the date on which the relevant parties have entered into formal implementation agreement from time to time (whichever is the later) until 31 December 2023. The parties will enter into each implementation agreement on a yearly basis ending on the 31 December of the relevant year. The purpose of entering into the Cooperation Agreement on Property Lease (Offices) is to establish a framework for the Group to lease and use various office premises owned by Golden Eagle International Group or its subsidiaries from time to time and will facilitate the Group to arrange lease arrangements in a flexible manner.

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

The consideration was arrived at after arm’s length negotiations and with reference to the prevailing market rate. The rental expenses paid by the Group to Golden Eagle International Group and its subsidiaries under the Cooperation Agreement on Property Lease (Offices) for the year ended 31 December 2022 amounted to RMB6,258,000.

* *For identification purpose only*

Cooperation Agreement on Property Lease (Convenience Stores)

On 29 September 2020, 南京金鷹便利超市管理有限公司 (Nanjing Golden Eagle Convenience Store and Supermarket Management Co., Ltd.*) ("Golden Eagle Convenience Store") on one part, and Golden Eagle International Group and 南京新百集團控股有限公司 (Nanjing Xinbai Group Holding Co., Ltd.*) ("Nanjing Xinbai Group") on the other part, entered into a cooperation agreement on property leases in respect of various premises owned by Golden Eagle International Group, Nanjing Xinbai Group or their respective subsidiaries located in various parts of the PRC for 7-Eleven convenience stores operation (the "Cooperation Agreement on Property Lease (Convenience Stores)") commencing from 1 January 2021 or the date on which the relevant parties have entered into formal implementation agreement from time to time (whichever is the later) until 31 December 2023. The parties will enter into each implementation agreement on a yearly basis ending on the 31 December of the relevant year. The purpose of entering into the Cooperation Agreement on Property Lease (Convenience Stores) is to establish a framework for the Group to lease and use various retail shop premises owned by Golden Eagle International Group, Nanjing Xinbai Group or their respective subsidiaries from time to time and will facilitate the Group to arrange lease arrangements in a flexible manner. Nanjing Xinbai Group is a connected person of the Company as it is a company ultimately and wholly-owned by Mr. Wang.

Golden Eagle International Group and Nanjing Xinbai Group agree to lease, and procure their respective subsidiaries to lease, to Golden Eagle Convenience Store various retail shop premises owned by Golden Eagle International Group, Nanjing Xinbai Group or their respective subsidiaries at a reasonable discount of the market rate in those cities where the relevant retail shop premises are located which shall be payable by the lessee to the lessor in accordance with the relevant detailed implementation agreement. The exact amount of discount will be negotiated in good faith between the parties with reference to the market rate at the material time.

The consideration was arrived at after arm's length negotiations and with reference to the prevailing market rate. The rental expenses paid by the Group to Golden Eagle International Group, Nanjing Xinbai Group and their subsidiaries under the Cooperation Agreement on Property Lease (Convenience Stores) for the year ended 31 December 2022 amounted to RMB772,000.

Master Carpark Leasing Agreement

On 30 December 2019, Golden Eagle (China) and Golden Eagle International Group entered into a master carpark leasing agreement (the "Master Carpark Leasing Agreement") in respect of the lease of various carparks owned by Golden Eagle (China) or its subsidiaries located in various parts of the PRC commencing from 1 January 2020 or the date on which the relevant parties have entered into formal implementation agreement from time to time (whichever is the later) until 31 December 2022. The entering into of the Master Carpark Leasing Agreement enables the Group to save the time and resources in managing the carparks owned by the Group and helps the Group to continue to focus on its core businesses, including the development and operation of lifestyle centre and stylish department store chain in the PRC.

* *For identification purpose only*

Golden Eagle (China) agrees to lease, and procure its subsidiaries to lease, to Golden Eagle International Group or its subsidiaries, various carparks owned by Golden Eagle (China) or its subsidiaries which shall be payable by the lessee to the lessor in accordance with the relevant detailed implementation agreement. The annual rental payable by Golden Eagle International Group and its subsidiaries to Golden Eagle (China) and its subsidiaries for the lease of the respective carparks shall be equivalent to 92% of the revenue generated from the subject carpark, after deduction of the relevant operating costs and taxes. The utilities expenses and maintenance costs incurred by the relevant carparks shall be borne by the lessor.

On 29 November 2022, since the above contract would expire on 31 December 2022, Golden Eagle (China) and Golden Eagle International Group entered into another master carpark leasing agreement in respect of the lease of various carparks owned by Golden Eagle (China) or its subsidiaries located in various parts of the PRC with the same rental terms commencing from 1 January 2023 until 31 December 2025.

The terms of the Master Carpark Leasing Agreement were arrived at after arm's length negotiations taking into account the costs of managing the carparks. The rental income received by the Group under the Master Carpark Leasing Agreement for the year ended 31 December 2022 amounted to RMB15,715,000.

Master Property Management Services Agreements

On 30 December 2019, (i) Golden Eagle (China) and 南京金鷹國際物業集團有限公司 (formerly known as 南京金鷹物業資產管理有限公司) (Nanjing Golden Eagle International Properties Group Co., Ltd. *) ("Nanjing Golden Eagle Properties"); (ii) Golden Eagle (China) and 南京金鷹國際物業發展有限公司 (Nanjing Golden Eagle International Properties Development Co., Ltd.*) ("Nanjing Golden Eagle Properties Development"); (iii) Nanjing Golden Eagle and Nanjing Zhujiang No. 1; (iv) 泰州金鷹商貿有限公司 (Taizhou Golden Eagle Retail Co., Ltd.*) ("Taizhou Golden Eagle Shopping") and 泰州金鷹天地投資管理有限公司 (Taizhou Golden Eagle Tiandi Investment Management Co., Ltd.*) ("Taizhou Golden Eagle Tiandi"); and (v) Xianlin Golden Eagle Shopping and Xianlin Technology, have entered into a master property management services agreement (collectively referred to as the "Master Property Management Services Agreements"), pursuant to which:

- Golden Eagle (China) agreed to engage Nanjing Golden Eagle Properties and Nanjing Golden Eagle Properties Development to provide property management services to Nanjing Xinjiekou Store and those stores/operations/residential and/or office projects under its control, which includes, as at the date of this report, Yangzhou Store, Xuzhou Store, Xi'an Gaoxin Store, Kunming Store, Huai'an Store, Yancheng Store, Yangzhou Jinghua Store, Nanjing Hanzhong Store, Anhui Huaibei Store, Suqian Store, Xuzhou People's Square Store, Yancheng Outlet Store, Yancheng Julonghu Store, Nantong Lifestyle Centre, Danyang Store, Kunshan Store, Nanjing Jiangning Store, Anhui Ma'anshan Store, Nantong Renmin Road Store, Suzhou Store, Yangzhou New City Centre, Anhui Wuhu Store, Anhui Wuhu New City Store, Anhui Wuhu Hotel, 7-Eleven convenience stores, Riverside Century Plaza Project, Yangzhou New City Centre Project and Changchun Golden Eagle World Project;

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

* *For identification purpose only*

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

- Xianlin Golden Eagle Shopping agreed to engage Xianlin Technology to provide property management services to Nanjing Hubin Tiandi Store,

each for a term of 3 years commencing from 1 January 2020 to 31 December 2022.

Nanjing Golden Eagle Properties, Nanjing Golden Eagle Properties Development and Taizhou Golden Eagle Tiandi are connected persons of the Company as they are companies ultimately and wholly-owned by Mr. Wang.

The entering into of the Master Property Management Services Agreements enables the Group to save the time and resources in managing and maintaining the Group properties and helps the Group to continue to focus on its core businesses, including the development and operation of lifestyle centre and stylish department store chain in the PRC. The property management services include but not limited to provision of property (interior) maintenance, cleaning, environmental and greenery services and a fee equivalent to the actual costs incurred plus a mark-up of 10% will be charged.

On 29 November 2022, since the above contract would expire on 31 December 2022, Golden Eagle (China) on one part, and Golden Eagle International Group and Golden Eagle International Industry on the other part, have entered into another master property management services agreement for the same terms, pursuant to which Golden Eagle (China) agrees to engage, and Golden Eagle International Group and Golden Eagle International Industry agree to provide, or arrange their subsidiaries to provide, property management services to the various stores and operations operated by Golden Eagle (China) or its subsidiaries, including but not limited to retail stores, convenient stores, hotel, offices and residential units, for a term commencing from 1 January 2023 to 31 December 2025.

These fees were arrived at after arm's length negotiations between the respective parties and based on the principle of fairness and reasonableness with reference to the prevailing market rate. The aggregate amount of property management services fees paid by the Group under the Master Property Management Services Agreements for the year ended 31 December 2022 amounted to RMB87,677,000.

Carpark Management Services Agreement

On 30 December 2019, Nanjing Golden Eagle and Nanjing Zhujiang No. 1 entered into a carpark management services agreement (the "Carpark Management Services Agreement") for a term of 3 years commencing from 1 January 2020, pursuant to which Nanjing Zhujiang No. 1 shall provide free car parking spaces to the customers of Nanjing Zhujiang Store whereas Nanjing Zhujiang Store shall pay car parking fees at a rate of RMB8.0 per hour to Nanjing Zhujiang No. 1 as part of the value-added services provided for its customers. The entering into of the Carpark Management Services Agreement enables the Group to provide better services to its customers in order to enhance sales performance.

On 29 September 2022, since the above contract would expire on 31 December 2022, Nanjing Golden Eagle and Nanjing Zhujiang No. 1 entered into another carpark management services agreement to extend the service period for a term of 3 years commencing from 1 January 2023 at the same rate of RMB8.0 per hour.

The carpark management services fee was arrived at after arm's length negotiations between the parties and with reference to the prevailing market rate. The amount of carpark management services fees paid by the Group to Nanjing Zhujiang No. 1 under the Carpark Management Services Agreement for the year ended 31 December 2022 amounted to RMB575,000.

Project Management Services Agreement

On 30 December 2019, Golden Eagle (China) and Golden Eagle International Group entered into a project management services agreement (the "Project Management Services Agreement") for a term of 3 years commencing from 1 January 2020, pursuant to which Golden Eagle International Group shall provide project management services including inter alia, project design, purchase of building materials, construction of the Group's new stores, costs control and construction contracts management to Golden Eagle (China).

The entering into of the Project Management Services Agreement enables the Group to save the time and resources and to continue to focus on its core businesses, including the development and operation of lifestyle centre and stylish department store chain in the PRC. Golden Eagle International Group shall provide project management services to the Group at a fee not exceeding 5% of the total estimated construction costs to be agreed by both parties. These fees were arrived at after arm's length negotiations between the parties and with reference to the prevailing market rate and on terms no less favorable than (i) the terms the Group can obtain from third party service providers in the market and (ii) the terms offered by Golden Eagle International Group to other independent third parties.

On 29 November 2022, since the above contract would expire on 31 December 2022, Golden Eagle (China) and Golden Eagle International Group entered into another project management services agreement to extend the service period for a term of 3 years commencing from 1 January 2023 at the same terms.

The aggregate amount of project management service fees paid by the Group under the Project Management Services Agreement for the year ended 31 December 2022 amounted to RMB5,166,000.

Decoration Services Agreement

On 30 December 2019, Golden Eagle (China) entered into the fifth supplemental agreement to the decoration services agreement dated 26 February 2006 (as supplemented by the supplemental agreements dated 18 December 2007, 16 November 2010, 19 December 2013 and 23 December 2016) with 南京金鷹工程建設有限公司 (Nanjing Golden Eagle Construction Work Co., Ltd.*) ("Golden Eagle Construction Work"), a connected person of the Company as it is a company ultimately and wholly-owned by Mr. Wang, to extend the service period for a term of 3 years commencing from 1 January 2020. On 29 November 2022, since the decoration services agreement would expire on 31 December 2022, the aforesaid parties entered into the sixth supplemental agreement to extend the service period for a term of 3 years commencing from 1 January 2023 (collectively referred to as the "Decoration Services Agreement"). The entering into of the Decoration Services Agreement enables the Group to save the time and resources and to continue to focus on its core businesses, including the development and operation of lifestyle centre and stylish department store chain in the PRC.

* *For identification purpose only*

Directors' Report

Golden Eagle Construction Work shall provide decoration services to the existing and new retail stores of the Group at such fees to be determined after arm's length negotiations from time to time with reference to the specific decoration works to be performed, the prevailing market rate and on terms no less favourable than (i) the terms the Group can obtain from third party service providers in the market and (ii) the terms offered by Golden Eagle Construction Work to other independent third parties.

The service fees paid by the Group under the Decoration Services Agreement for the year ended 31 December 2022 amounted to RMB20,054,000.

Street Shop Management Agreement

On 29 September 2020, Golden Eagle (China) and Golden Eagle International Group entered into a management agreement in respect of street shop properties (the "Street Shop Properties") which are being owned, or will be owned, by Golden Eagle International Group or its subsidiaries from time to time (the "Street Shop Management Agreement"), pursuant to which Golden Eagle (China) and its subsidiaries are delegated with the tasks of managing the daily operation of the Street Shop Properties for a term of 3 years commencing from 1 January 2021.

As at the date of this report, these properties include standalone non-specialty street shops with aggregate leasable area of approximately 180,757 square metres held for lease in the cities of Nanjing, Taizhou, Yancheng, Suqian, Danyang and Kunshan which are all located at the prime shopping districts in the proximity of the chain stores being operated by the Group in the same city, namely Nanjing Hubin Tiandi Store, Taizhou Store, Yancheng Outlet Store, Yancheng Julonghu Store, Suqian Store, Danyang Store and Kunshan Store.

Through the entering into of the Street Shop Management Agreement, synergies will continue to be created among the existing retail stores of the Group and the nearby Street Shop Properties (collectively, the "Enlarged Retail Complexes"), which are reflected in the following manners: (i) the Enlarged Retail Complexes and different retail format features (retail stores versus street shops) allow the Group to plan and procure merchandise and leased tenants in a more reasonable and effective manner and enable the Group to introduce more privileged brands. It enables the Group to enlarge and enrich the range of its merchandise and lifestyle elements offerings, and the target customers can now experience a more dynamic shopping experience, thus increasing the foot traffic of the Enlarged Retail Complexes and enhancing the operating performance of the Group's chain stores and the Street Shop Properties; (ii) with the Group's well-established and experienced operation teams, operating costs of the Street Shop Properties are expected to decrease and net profit margin will be improved; and (iii) with the Street Shop Properties, the Group is able to enlarge its operating area without incurring additional costs and the management fee receivable under the management agreement provides another source of income for the Group and thus improve the Group's profit margin.

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

(a) for the existing Street Shop Properties currently being managed by Golden Eagle (China) or its subsidiaries upon the commencement of the Street Shop Management Agreement, 20% of the net rental income derived from the leasing operation of the Street Shop Properties after deducting the property tax, value-added tax and other relevant taxes (the "Net Rental Income") of the immediately preceding year (the "Base Management Fee"); and

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

For the new Street Shop Properties, 50% of the Net Rental Income generated during the first year of management shall be deemed as the management fee payable under the Street Shop Management Agreement and also be deemed as the Base Management Fee for the management fee calculation for the following year.

The management fee was arrived at after arm's length negotiations based on the principle of fairness and reasonableness and with reference to the scope of services to be provided by Golden Eagle (China) and its subsidiaries. The management fee income received by the Group under the Street Shop Management Agreement for the year ended 31 December 2022 amounted to RMB19,575,000.

Jinqiao Market Management Agreement

On 30 December 2019, Golden Eagle (China) on one part, 南京金橋市場管理有限公司 (Nanjing Jinqiao Market Management Co., Ltd.*) ("Nanjing Jinqiao Market") and 南京金橋燈飾市場經營管理有限公司 (Nanjing Jinqiao Lighting Market Management Co., Ltd.*) ("Nanjing Jinqiao Lighting Market") on the other part, entered into a management agreement (the "Jinqiao Market Management Agreement") in respect of those wholesale and retail markets which are being owned, or will be owned, by Nanjing Jinqiao Market and Nanjing Jinqiao Lighting Market (the "Jinqiao Markets"), pursuant to which Golden Eagle (China) and its subsidiaries are delegated with the tasks of managing the daily operation of the Jinqiao Markets for a term of 3 years commencing from 1 January 2020. Nanjing Jinqiao Market and Nanjing Jinqiao Lighting Market are connected persons of the Company as they are companies ultimately and wholly-owned by Mr. Wang.

As at the date of this report, these properties include three large scale wholesale and retail markets with aggregate leasable area of approximately 107,187 square metres for general merchandise, decorative materials, lighting and curtain fabrics located at Nanjing.

* *For identification purpose only*

Directors' Report

Through the entering into of the Jinqiao Market Management Agreement, synergies will continue to be created among the existing stores of the Group at Nanjing and the Jinqiao Markets (collectively, the "Extended Retail Contents"), which are reflected in the following manner: (i) Jinqiao Markets are in different retail format and contents as compared with that of the Group (i.e. retail stores versus wholesale and retail markets) which allows the Group to extend its retail contents, to enlarge and enrich the offerings of its value-for-money merchandise and lifestyle elements, and the target customers can now experience a more dynamic shopping experience, thus enhancing VIP customers' satisfaction and loyalty, so as to enhance the operating performance of the Group's chain stores and the Jinqiao Markets; (ii) with the Group's well-established and experienced operating teams, operating costs of the Jinqiao Markets are expected to continue to decrease and profitability will continue to be improved, and competitive operating costs is crucial for the Jinqiao Markets which has been facing intense competition from the comparable wholesale and retail markets in nearby area; and (iii) with the Jinqiao Markets, the Group is able to enlarge its operating area and extend its retail contents without incurring significant additional costs, while the management fee provides another source of income for the Group and thus improve the Group's profit margin.

The management fee payable by Nanjing Jinqiao Market and Nanjing Jinqiao Lighting Market to Golden Eagle (China) shall be the aggregate of:

(a) the annual base management fee of RMB8,000,000; and

(b) 50% of the increase in net profit (excluding the annual base management fee in (a) above from the net profit calculation) as compared with the immediately preceding year.

Nanjing Jinqiao Market and Nanjing Jinqiao Lighting Market shall bear the daily operation expenses including employee and welfare expenses, utilities expenses, property management fees, maintenance fees etc. incurred during the operation of the Jinqiao Markets.

On 29 November 2022, since the above contract would expire on 31 December 2022, Golden Eagle (China) on one part, Nanjing Jinqiao Market and Nanjing Jinqiao Lighting Market on the other part, entered into another management agreement in respect of the Jinqiao Markets to extend the service period for a term of 3 years commencing from 1 January 2023. The management fee payable shall be the aggregate of (i) the annual base management fee of RMB8,000,000; and (ii) 50% of the increase in net profit (excluding the annual base management fee in (i) above and rental concessions granted by Nanjing Jinqiao Market and Nanjing Jinqiao Lighting Market to its rental tenants from the net profit calculation (the "Excluded Items")) as compared with the immediately preceding year, provided that the net profit (excluding the Excluded Items) of the preceding year to be used in the calculation shall not be less than the net profit (excluding the Excluded Item) for the year ended 31 December 2022.

The management fee was arrived at after arm's length negotiations based on the principle of fairness and reasonableness and with reference to the scope of services to be provided by Golden Eagle (China) and its subsidiaries. The management fee income received by the Group under the Jinqiao Market Management Agreement for the year ended 31 December 2022 amounted to RMB7,547,000.

Integrated Services Agreement

On 30 September 2021, Lianyungang Supermarket entered into an integrated services agreement with Lianyungang Properties (the "Integrated Services Agreement") for a term of 3 years commencing from 1 January 2022. Pursuant to the Integrated Services Agreement, integrated services, including customer resources sharing, information technology and market promotion supports, training and service management, would be provided to Lianyungang Properties. The annual service fee to be received by the Group under the Integrated Services Agreement amounted to RMB2,000,000. The service fee provides another source of income for the Group and thus improve the Group's profit margin.

Due to the cessation of the operation of Lianyungang Supermarket during the year, the aforesaid parties entered into a termination agreement on 9 January 2023, to early terminate the Integrated Services Agreement with effect from 31 October 2022.

The service fee was arrived at after arm's length negotiations based on the principle of fairness and reasonableness and with reference to the scope of services to be provided by Lianyungang Supermarket. The service fee income received by the Group under the Integrated Services Agreement for the year ended 31 December 2022 amounted to RMB1,573,000.

Procurement Agreement

On 30 September 2021, Golden Eagle (China) on one part, and Golden Eagle International Group and 南京展泰貿易有限公司 (Nanjing Zhantai Trading Co., Ltd.*) ("Nanjing Zhantai") on the other part, entered into a procurement agreement (the "Procurement Agreement"), pursuant to which Golden Eagle International Group, Nanjing Zhantai and their respective subsidiaries (the "Golden Eagle Fellow Group") will purchase such merchandise, products and goods available for sale in the retail stores operated by Golden Eagle (China) and/or its subsidiaries, including but not limited to liquor, tobacco, processed and unprocessed food, apparels and accessories and office supplies (the "Products"), for their normal operation and administration purposes, from time to time.

The purchases will be made by way of individual purchase orders. The selling price of the relevant Products ordered will be the same as the selling price Golden Eagle (China) and/or its subsidiaries offered to independent third party retail customers in the relevant city and at the relevant time without any form of discount or concession, or such other selling prices as determined and quoted to Golden Eagle Fellow Group by Golden Eagle (China) and its subsidiaries at their sole discretion. The entire purchase price shall be paid by Golden Eagle Fellow Group before it can collect such Products at the designated retail store/storage of Golden Eagle (China) and/or its subsidiaries. Such pricing and payment terms shall be fair and reasonable based on normal commercial terms and in any event they will not be more favourable to the Golden Eagle Fellow Group than those offered to independent third party retail customers by Golden Eagle (China) and/or its subsidiaries for the same product in the relevant city and at the relevant time.

The purchases made by the Golden Eagle Fellow Group under the Procurement Agreement for the year ended 31 December 2022 amounted to RMB16,943,000.

* *For identification purpose only*

Views of the auditors and independent non-executive Directors

The auditor of the Company have provided a letter to the Board pursuant to Rule 14A.56 of the Listing Rules confirming that, for the year ended 31 December 2022, the continuing connected transactions (i) have received the approval of the Board; (ii) have been entered into in accordance with the terms of the agreements governing the transactions; (iii) have not exceeded the caps disclosed in the relevant announcements made by the Company; and (iv) were in accordance with the pricing policies of the Group if the transactions involved the provision of goods and services by the Group.

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

The related party transactions with fellow subsidiaries of the Group as disclosed in note 41 to the consolidated financial statements constituted continuing connected transactions of the Group. Those transactions have complied with the requirements for connected transactions under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

Status of Connected Transactions Pending Completion

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

Nanjing Xinjiekou Store Block B Framework Agreement

On 9 November 2009, the Group and Golden Eagle International 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 floor and portion of basement 2nd floor of Golden Eagle Centre Tower B (the "Xinjiekou Store Block B Property"), a 42-storey building with 5 levels of basement 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 metre and the estimated aggregate GFA of approximately 50,000 square metres and may be adjusted depending on the GFA of Xinjiekou Store Block B Property actually to be delivered to the Group upon completion. In the event that the actual GFA is less than 50,000 square metres, 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.

Directors' Report

The purpose of the acquisition of Xinjiekou Store Block B Property 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 Nanjing Xinjiekou Store Block B commenced soft opening in April 2014. It is expected that the GFA to be delivered to the Group will be approximately 50,448.55 square metres and the outstanding consideration will be adjusted upward by approximately RMB7.8 million, resulting in 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 昆山金鷹信息科技發展有限公司 (formerly known as 昆山金鷹置業有限公司) (Kunshan Golden Eagle Information Technology Development Co., Ltd.*) ("Kunshan Golden Eagle Technology"), being a connected person of the Company as it is a company ultimately and wholly-owned by Mr. Wang, for the acquisition of a property which is situated at Kunshan, Jiangsu Province.

The property comprises the whole of 1st to 8th floor and basements B1 and B2 of Kunshan Tiandi Project (as defined in the circular dated 4 June 2015) with an aggregate GFA of approximately 118,500 square metres (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 with an estimated aggregate GFA of approximately 400,000 square metres and is legally and beneficially owned by Kunshan Golden Eagle Technology.

The consideration of RMB1,125.8 million (subject to adjustment) for the acquisition of Kunshan Property was calculated based on RMB9,500 per square metre and the estimated aggregate GFA of approximately 118,500 square metres and may be adjusted depending on the GFA 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 Kunshan Store commenced soft opening in January 2015. It is anticipated that the title of Kunshan Property will transfer to the Group in 2023.

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

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

* *For identification purpose only*

Directors' Report

DISCLOSURE UNDER RULES 13.18 AND 13.21 OF THE LISTING RULES

On 7 April 2021, the Group entered into a dual-currency three-year syndicated loan facility agreement in the principal amounts of USD420.0 million and HK$1,408.0 million (in aggregate equivalent to approximately RMB3,941.5 million) with a group of financial institutions, which is due for full repayment in April 2024 (the "Syndicated Loan Facility Agreement").

Pursuant to the terms of the Syndicated Loan Facility Agreement, it constitutes, among others, an event of default if at any time while the entire or part of the syndicated loan facility remains outstanding, Mr. Wang ceases to (i) hold directly or indirectly not less than 51% of the beneficial interest in the Company; (ii) be the single largest shareholder of the Company; (iii) be the Chairman and executive Director of the Company; or (iv) maintain the management control of the Company or have the right to determine the composition of majority of the Board. Upon occurrence of an event of default, all outstanding loans together with accrued interest and any other amounts accrued under the Syndicated Loan Facility Agreement may become immediately due and payable. The facility was fully utilised and remained outstanding as at 31 December 2022.

DEED OF NON-COMPETITION

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

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

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

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

* *For identification purpose only*

Directors' Report

EMOLUMENT POLICY

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

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

MAJOR CUSTOMERS AND SUPPLIERS

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

MANAGEMENT CONTRACTS

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

AUDIT COMMITTEE

The Audit Committee, together with the auditors of the Company, has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2022. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and discussed with the management the Group's auditing, risk management, internal control and financial reporting matters.

ADOPTION OF CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all Directors, and the Directors have confirmed that they have complied with all relevant requirements as set out in the Model Code during the year ended 31 December 2022.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 25 May 2023 to Thursday, 1 June 2023 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be entitled to attend and vote at the 2023 AGM to be held on Thursday, 1 June 2023, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 24 May 2023.

TAX RELIEF

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

Directors' Report

EQUITY-LINKED AGREEMENT

There was no equity-linked agreement entered into by the Company that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares during the year ended 31 December 2022 or subsisted at the end of the year.

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on the information publicly available to the Company, there was sufficient public float as required by the Listing Rules throughout the year ended 31 December 2022.

PRE-EMPTIVE RIGHTS

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

DONATIONS

Charitable and other donations made by the Group for the year ended 31 December 2022 amounted to approximately RMB381,000 (2021: RMB195,000).

AUDITORS

A resolution to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company will be proposed at the 2023 AGM.

On behalf of the Board

Wang Hung, Roger
Chairman

22 March 2023

Independent Auditor's Report

Deloitte. 德勤

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

OPINION

We have audited the consolidated financial statements of Golden Eagle Retail Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 108 to 216, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Independent Auditor's Report

Key audit matter

Revenue recognition

During the year, revenue generated from retail operations, including commission income from concessionaire sales and direct sales amounted to RMB4,023,291,000.

Revenue generated from direct sales is recognised when control of the goods has been transferred, being at the point the customer purchases the goods at the retail store. Revenue generated from concessionaire sales is recognised in the amount of any fee or commission to which the Group entitled in exchange for arranging for the specified goods or services provided by other parties. Revenue is one of the key performance indicators of the Group. Given the significant balances and volume of transactions processed, we consider the revenue recognition as a key audit matter.

The accounting policy of revenue recognition and analysis of revenue are included in notes 3 and 5 to the consolidated financial statements, respectively.

How our audit addressed the key audit matter

Our procedures in relation to the revenue recognition of retail operations included:

- Assessing, with the assistance of our internal information technology specialists, the design, implementation and operating effectiveness of the Group's key internal controls over revenue recognition process, and the general information technology environment in which the business system operate, including access to program controls, program change controls and data centre and network operations controls;

- Checking, with the assistance of our internal information technology specialists, the completeness of sales records generated from the business system;

- Testing the key manual control over the daily reconciliations of the data records generated from the business system to the receipt/receivable records from banks and other financial institutions;

- Performing analytical procedures to assess the reasonableness of sales records generated from the business system during the year; and

- Involving our internal information technology specialists in testing the end-to-end reconciliations from data records of the business system to the accounting records.

Independent Auditor's Report

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the directors of the Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor’s Report

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matter. We describe the matter in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor’s report is Kay Man Wo, Dick.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
22 March 2023

Consolidated Statement of Profit or Loss

For the Year ended 31 December 2022

	NOTES	**2022** **RMB'000**	2021 RMB'000
Revenue	5	**5,331,582**	5,717,498
Other income, gains and losses	7	**258,642**	926,056
Changes in inventories of merchandise		**(1,990,391)**	(2,119,394)
Cost of properties sold		**(171,134)**	(83,586)
Employee benefits expense		**(326,188)**	(380,983)
Depreciation and amortisation of property, plant and equipment and intangible asset		**(384,144)**	(386,586)
Depreciation of right-of-use assets		**(79,408)**	(76,270)
Rental expenses		**(383,921)**	(396,283)
Other expenses		**(681,040)**	(780,418)
Share of results of associates		**12,948**	14,125
Share of results of joint ventures		**435**	(955)
Finance income	8	**150,001**	79,616
Finance costs	9	**(370,709)**	(262,849)
Profit before tax		**1,366,673**	2,249,971
Income tax expense	10	**(603,817)**	(637,697)
Profit for the year	11	**762,856**	1,612,274
Profit (loss) for the year attributable to:			
Owners of the Company		**748,456**	1,613,957
Non-controlling interests		**14,400**	(1,683)
		762,856	1,612,274
Earnings per share			
– Basic (RMB per share)	14	**0.451**	0.972

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year ended 31 December 2022

	2022	2021
	RMB'000	RMB'000
Profit for the year	**762,856**	1,612,274
Other comprehensive (expense) income		
Item that may be reclassified subsequently to profit or loss:		
Share of exchange difference of associates	**(794)**	(4,007)
Items that will not be reclassified subsequently to profit or loss:		
Fair value (loss) gain on investments in equity instruments at fair value through other comprehensive income	**(16,025)**	11,314
Income tax expenses relating to items that will not be reclassified to profit or loss	**801**	(1,672)
	(15,224)	9,642
Other comprehensive (expense) income for the year, net of income tax	**(16,018)**	5,635
Total comprehensive income for the year	**746,838**	1,617,909
Total comprehensive income (expense) attributable to:		
Owners of the Company	**732,438**	1,619,592
Non-controlling interests	**14,400**	(1,683)
	746,838	1,617,909

Consolidated Statement of Financial Position

At 31 December 2022

	NOTES	31 December 2022 RMB'000	31 December 2021 RMB'000
Non-current assets			
Property, plant and equipment	15	**8,016,284**	8,308,714
Right-of-use assets	16	**2,411,704**	2,541,874
Investment properties	17	**2,472,670**	2,506,671
Intangible asset	18	**9,922**	10,587
Goodwill	19	**17,664**	17,664
Interests in associates	20	**167,145**	154,991
Interests in joint ventures	21	**13,651**	14,211
Other receivables	22	**61,290**	58,265
Equity instruments at fair value through other comprehensive income	23	**63,566**	55,557
Financial assets at fair value through profit or loss	23	**210,473**	204,513
Deferred tax assets	24	**35,809**	43,143
		13,480,178	13,916,190
Current assets			
Inventories		**436,878**	369,370
Properties under development for sale	25	**1,582,768**	1,551,987
Completed properties for sale	25	**622,588**	635,288
Trade and other receivables	22	**1,349,455**	624,410
Amounts due from fellow subsidiaries	26	**58,761**	49,922
Tax assets		**42,455**	46,580
Financial assets at fair value through profit or loss	23	**189,017**	90,927
Restricted/pledged bank balances	27	**75,177**	26,121
Cash and cash equivalents	27	**7,814,741**	7,651,382
		12,171,840	11,045,987
Current liabilities			
Trade and other payables	28	**3,271,187**	4,116,750
Amounts due to fellow subsidiaries	29	**135,206**	167,726
Lease liabilities	30	**27,477**	30,646
Tax liabilities		**554,844**	577,075
Prepayments from customers	31	**3,608,112**	3,383,151
Contract liabilities	31	**236,557**	307,674
Bank loans	32	**281,203**	103,918
Senior notes	33	**2,634,667**	-
		10,749,253	8,686,940
Net current assets		**1,422,587**	2,359,047
Total assets less current liabilities		**14,902,765**	16,275,237

Consolidated Statement of Financial Position

At 31 December 2022

	NOTES	**31 December 2022 RMB'000**	31 December 2021 RMB'000
Non-current liabilities			
Bank loans	32	**3,945,813**	3,673,788
Senior notes	33	**-**	2,406,167
Other payables	28	**105,062**	138,494
Lease liabilities	30	**510,123**	519,496
Deferred tax liabilities	24	**958,381**	900,744
		5,519,379	7,638,689
Net assets		**9,383,386**	8,636,548
Capital and reserves			
Share capital	34	**175,146**	175,146
Reserves	35	**9,105,451**	8,373,013
Equity attributable to owners of the Company		**9,280,597**	8,548,159
Non-controlling interests		**102,789**	88,389
Total equity		**9,383,386**	8,636,548

The consolidated financial statements on pages 108 to 216 were approved and authorised for issue by the board of directors on 22 March 2023 and are signed on its behalf by:

WANG HUNG, ROGER
DIRECTOR

TAN JIANLIN
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Attributable to owners of the Company										
	Share capital RMB'000	Capital redemption reserve RMB'000	Special reserve RMB'000 (note 35)	Property revaluation reserve RMB'000	Investment revaluation reserve RMB'000	Exchange reserve RMB'000	Statutory surplus reserve RMB'000 (note 35)	Retained profits RMB'000	Subtotal RMB'000	Attributable to non-controlling interests RMB'000	Total RMB'000
At 1 January 2021	175,146	29,378	217,228	269,676	(103,253)	4,821	1,233,740	5,874,556	7,701,292	90,072	7,791,364
Profit (loss) for the year	-	-	-	-	-	-	-	1,613,957	1,613,957	(1,683)	1,612,274
Other comprehensive income (expense) for the year	-	-	-	-	9,642	(4,007)	-	-	5,635	-	5,635
Total comprehensive income (expense) for the year	-	-	-	-	9,642	(4,007)	-	1,613,957	1,619,592	(1,683)	1,617,909
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	1,899	-	-	(1,899)	-	-	-
Appropriation	-	-	-	-	-	-	79,318	(79,318)	-	-	-
Dividends recognised as distribution (note 13)	-	-	-	-	-	-	-	(772,725)	(772,725)	-	(772,725)
At 31 December 2021	**175,146**	**29,378**	**217,228**	**269,676**	**(91,712)**	**814**	**1,313,058**	**6,634,571**	**8,548,159**	**88,389**	**8,636,548**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**748,456**	**748,456**	**14,400**	**762,856**
Other comprehensive expense for the year	**-**	**-**	**-**	**-**	**(15,224)**	**(794)**	**-**	**-**	**(16,018)**	**-**	**(16,018)**
Total comprehensive (expense) income for the year	**-**	**-**	**-**	**-**	**(15,224)**	**(794)**	**-**	**748,456**	**732,438**	**14,400**	**746,838**
Disposal of investments in equity instruments at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**14,718**	**-**	**-**	**(14,718)**	**-**	**-**	**-**
Appropriation	**-**	**-**	**-**	**-**	**-**	**-**	**45,262**	**(45,262)**	**-**	**-**	**-**
At 31 December 2022	**175,146**	**29,378**	**217,228**	**269,676**	**(92,218)**	**20**	**1,358,320**	**7,323,047**	**9,280,597**	**102,789**	**9,383,386**

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	2022 RMB'000	2021 RMB'000
Operating activities		
Profit before tax	**1,366,673**	2,249,971
Adjustments for:		
Depreciation and amortisation of property, plant and equipment and intangible asset	**384,144**	386,586
Depreciation of right-of-use assets	**79,408**	76,270
Interest expenses	**370,709**	262,849
Net foreign exchange loss (gain)	**567,134**	(144,701)
Loss on disposal/write-off of property, plant and equipment	**5,928**	2,530
Gain on deemed disposal of an associate	**–**	(507)
Gain on disposal of a joint venture	**(805)**	–
Fair value change of investment properties	**20,266**	(2,240)
Fair value gain upon transfer to investment properties	**–**	(10,098)
Fair value change of equity investments at fair value through profit or loss	**(14,822)**	(7,422)
Fair value change of unquoted fund investment	**(5,960)**	27,447
Investment income from structured bank deposits	**(57,863)**	(116,708)
Interest income from bank deposits	**(120,078)**	(68,958)
Interest income from loans to third parties	**(26,750)**	(7,626)
Interest income from refundable rental deposits paid	**(3,173)**	(3,032)
Dividend income from equity investments	**(11,028)**	(2,141)
Gain on termination of lease contracts	**(386)**	(7,291)
Share of results of associates	**(12,948)**	(14,125)
Share of results of joint ventures	**(435)**	955
Covid-19-related rent concessions	**(3,639)**	(57)
Operating cash flows before movements in working capital	**2,536,375**	2,621,702
(Increase) decrease in inventories	**(67,508)**	4,540
Decrease (increase) in properties under development/completed properties for sale	**53,082**	(279,901)
Decrease (increase) in trade and other receivables	**930**	(14,675)
Increase in amounts due from fellow subsidiaries	**(8,696)**	(11,094)
Decrease in trade and other payables	**(825,489)**	(83,324)
(Decrease) increase in amounts due to fellow subsidiaries	**(18,497)**	7,498
Increase in prepayments from customers	**224,961**	267,213
Decrease in contract liabilities	**(58,643)**	(63,448)
Cash generated from operations	**1,836,515**	2,448,511
PRC income tax and land appreciation tax paid	**(537,270)**	(534,065)
Net cash generated from operating activities	**1,299,245**	1,914,446

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	2022 RMB'000	2021 RMB'000
Investing activities		
Investments in structured bank deposits	**(19,785,000)**	(69,100,017)
Redemption of structured bank deposits	**19,842,863**	69,216,725
Placement of restricted/pledged bank balances	**(185,871)**	(242,216)
Withdrawal of restricted/pledged bank balances	**136,815**	244,336
Purchase of:		
– financial assets at fair value through profit or loss	**(600,194)**	(468,462)
– equity instruments at fair value through other comprehensive income	**(40,754)**	(5,817)
Proceeds from disposal of:		
– financial assets at fair value through profit or loss	**516,926**	491,287
– equity instruments at fair value through other comprehensive income	**16,720**	33,182
Purchase of property, plant and equipment	**(226,550)**	(332,934)
Proceeds from disposal of property, plant and equipment	**583**	2,251
Proceeds from disposal of investment properties	**15,753**	–
Proceeds from disposal of a joint venture	**1,260**	–
Return of investment from an associate	**–**	410
Return of investment from a joint venture	**–**	1,018
Investment in an associate	**–**	(4,500)
Interest received on bank deposits	**120,078**	68,958
Interest received on loans to third parties	**12,167**	11,250
Dividends received from equity investments	**11,028**	2,141
Payments of rental deposits	**(30)**	(745)
Refund of rental deposits	**231**	749
Loans to third parties	**(800,000)**	–
Repayment from a third party	**100,000**	100,000
Payment for a right-of-use asset	**–**	(400)
Net cash (used in) generated from investing activities	**(863,975)**	17,216

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	2022 RMB'000	2021 RMB'000
Financing activities		
New bank loans raised	–	3,872,096
Repayment of bank loans	–	(3,818,932)
Interest paid	**(258,700)**	(217,322)
Dividends paid to owners of the Company	–	(772,725)
Repayments of leases liabilities	**(13,211)**	(13,563)
Net cash used in financing activities	**(271,911)**	(950,446)
Net increase in cash and cash equivalents	**163,359**	981,216
Cash and cash equivalents at beginning of the year	**7,651,382**	6,670,166
Cash and cash equivalents at end of the year, represented by bank balances and cash	**7,814,741**	7,651,382

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

1. GENERAL INFORMATION

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

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the 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 principal activities of the subsidiaries, associates and joint ventures of the Company are set out in notes 45, 20 and 21 respectively.

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND AGENDA DECISION OF THE IFRS INTERPRETATIONS COMMITTEE (THE "COMMITTEE")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to Hong Kong Accounting Standard ("HKAS") 16	*Property, Plant and Equipment - Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2018-2020*

In addition, the Group applied the agenda decision of the Committee of the International Accounting Standards Board, including *Lessor Forgiveness of Lease Payments* (HKFRS 9 *Financial Instruments* ("HKFRS 9") and HKFRS 16 *Leases* ("HKFRS 16")), which is relevant to the Group.

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND AGENDA DECISION OF THE IFRS INTERPRETATIONS COMMITTEE (THE "COMMITTEE") *(Continued)*

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	*Insurance Contracts*[1]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[3]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*[3]
Amendments to HKAS 1	*Non-current Liabilities with Covenants*[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or after 1 January 2024.

Except for the amendments to HKFRSs mentioned below, the Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 *Income Taxes* ("HKAS 12") so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

As disclosed in note 3 to the consolidated financial statements, for leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the relevant assets and liabilities separately. Temporary differences on initial recognition of the relevant assets and liabilities are not recognised due to application of the initial recognition exemption.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") AND AGENDA DECISION OF THE IFRS INTERPRETATIONS COMMITTEE (THE "COMMITTEE") *(Continued)*

New and amendments to HKFRSs in issue but not yet effective *(Continued)*

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Continued)

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for the Group's annual reporting period beginning on 1 January 2023. As at 31 December 2022, the carrying amounts of right-of-use assets and lease liabilities which are related to the lease transactions amounted to RMB562,409,000 and RMB537,600,000 respectively. The cumulative effect of initially applying the amendments will be recognised as an adjustment to the opening balance of retained earnings at the beginning of the earliest comparative period presented.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.1 Basis of preparation of consolidated financial statements *(Continued)*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies

Basis of consolidation

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

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

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

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

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

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

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

Investments in associates and joint ventures

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Investments in associates and joint ventures *(Continued)*

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

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an interest in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Investments in associates and joint ventures *(Continued)*

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

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

Changes in the Group's interests in associates and joint ventures

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Property, plant and equipment

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

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management including costs of testing whether the related assets is functioning properly, and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Investment properties

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

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

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

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Properties under development/properties for sale

Properties under development which are intended to be sold upon completion of development and properties for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, properties under development/properties for sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Properties under development for sale are transferred to properties for sale upon completion.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill *(Continued)*

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Classification and subsequent measurement of financial assets *(Continued)*

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income, gains and losses" line item in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Classification and subsequent measurement of financial assets *(Continued)*

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other income, gains and losses" line item.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables and amounts due from fellow subsidiaries) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and lease receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(i) Significant increase in credit risk *(Continued)*

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. For financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(v) Measurement and recognition of ECL *(Continued)*

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Lifetime ECL for certain trade receivables and lease receivables are assessed individually for debtors with significant balances, based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forward-looking information that is available without undue cost or effort at the end of the reporting period.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other receivables where the corresponding adjustment is recognised through a loss allowance account.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments (Continued)

Financial liabilities at amortised cost

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

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

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

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in note 38.

Provisions

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Provisions *(Continued)*

Contingent liabilities *(Continued)*

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, except for the allocation of discounts.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Revenue from contracts with customers *(Continued)*

Contracts with multiple performance obligations (including allocation of transaction price) (Continued)

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date, the Group recognises revenue in the amount to which the Group has the right to invoice.

Sale with a right of return/exchange

For a sale of products with a right of return/exchange for dissimilar products, the Group recognises all of the following:

- revenue for the transferred products in the amount of consideration to which the Group expects to be entitled (therefore, revenue would not be recognised for the products expected to be returned/exchanged);
- a refund liability/contract liability; and
- an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers and are presented as right to returned goods asset.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Revenue from contracts with customers *(Continued)*

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for on the same basis as other borrowing costs.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by other party.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Revenue from contracts with customers *(Continued)*

Contract costs

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

Leases

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 of HKFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group 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, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

Non-lease components are separated from lease component and are account for by applying other applicable standards.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Short-term leases

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

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- 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.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

Right-of-use assets are depreciated on a straight-line basis over the lease term.

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

Refundable rental deposits

Refundable rental deposits paid are accounted under 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

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 an option to terminate the lease.

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 in 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, 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.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

Except for Covid-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Lease modifications *(Continued)*

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified 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.

Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model. Variable lease payments for operating leases that depend on an index or a rate are estimated and included in the total lease payments to be recognised on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies 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.

Refundable rental deposits

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

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessor (Continued)

Lease modification *(Continued)*

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.

For rent concession under which the Group legally releases the lessee from its obligation to make specifically identified lease payment, of which some of these lease payments are contractually due but not paid and some of them are not yet contractually due, the Group accounts for the portions which have been recognised as operating lease receivables (i.e. the lease payments which are contractually due but not paid) by applying the ECL and derecognition requirements under HKFRS 9 and applies lease modification requirements for the forgiven lease payments that the Group has not recognised (i.e. the lease payments which are not yet contractually due) as at the effective date of modification.

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income, gains and losses".

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. For properties under development for which revenue is recognised over time, the Group ceases to capitalise borrowing costs as soon as the properties are ready for the Group's intended sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Employee benefits

Retirement benefit costs

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

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Taxation

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

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

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

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Taxation *(Continued)*

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, which is always presumed to be recovered entirely through sale.

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 requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

In the application of the Group's accounting policies, which are described in note 3, the management of the Group (the "Management") is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences, and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purpose of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the Directors have reviewed the Group's investment properties and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred taxation on investment properties, the Directors have determined the presumption that investment properties measured using the fair value model are recovered through sale is rebutted.

Accordingly, the Group recognises deferred tax in respect of the changes in fair value of the investment properties based on the Director's best estimate assuming future tax consequences through usage of such properties for rental purpose, rather than through sale. The final tax outcome could be different from the deferred tax liabilities recognised in the consolidated financial statements should the investment properties are subsequently disposed of by the Group, rather than consumed substantially all of the economic benefits embodied in the investment properties by leasing over time. In the event the investment properties are being disposed, the Group may be liable to higher tax upon disposal considering the impact of enterprise income tax and land appreciation tax.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES *(Continued)*

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Income taxes

As at 31 December 2022, a deferred tax asset of RMB22,627,000 (2021: RMB42,802,000) in relation to unused tax losses has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of RMB94,567,000 (2021: RMB124,524,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

Fair values of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. The determination of the fair value involves certain assumptions of market conditions which are set out in note 17.

In relying on the valuation report, the Management has exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. The Management has performed internal assessment on the risks of change in macroeconomic environment through performing sensitivity analysis in relation to the Group's investment properties.

As at 31 December 2022, the carrying amount of the Group's investment properties is RMB2,472,670,000 (2021: RMB2,506,671,000).

5. REVENUE

(i) Disaggregation of revenue

An analysis of the Group's revenue for the year is as follows:

	2022 **RMB'000**	2021 RMB'000
Commission income from concessionaire sales	**1,735,673**	2,024,173
Direct sales	**2,287,618**	2,474,534
Sales of properties	**230,377**	122,029
Management fees	**39,647**	46,785
Hotel operations	**18,219**	20,603
Automobile services fees	**–**	1,510
Revenue from contracts with customers	**4,311,534**	4,689,634
Rental income	**1,020,048**	1,027,864
Total revenue	**5,331,582**	5,717,498
Timing of revenue recognition under HKFRS 15		
A point in time	**4,253,668**	4,622,246
Over time	**57,866**	67,388
Total	**4,311,534**	4,689,634

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

Gross sales proceeds	**2022** **RMB'000**	2021 RMB'000
Concessionaire sales	**10,995,274**	13,104,791
Direct sales	**2,584,135**	2,795,875
Sales of properties	**228,761**	124,749
Management fees	**42,172**	49,769
Hotel operations	**19,355**	21,913
Automobile services fees	**–**	1,706
Gross sales proceeds from contracts with customers	**13,869,697**	16,098,803
Rental income	**1,081,449**	1,089,194
Total gross sales proceeds	**14,951,146**	17,187,997

5. REVENUE *(Continued)*

(ii) Performance obligations for contracts with customers

For direct sales, revenue is recognised when control of the goods has been transferred, being at the point the customer purchases the goods at the retail store. Payment of the transaction price is due immediately at the point the customer purchases the goods.

For concessionaire sales, revenue is recognised in the amount of any fee or commission to which the Group entitled in exchange for arranging for the specified goods or services provided by other parties. For commission income from concessionaire sales, the concessionaires will pay to the Group commission income at the higher of the minimum guaranteed commission and certain percentage of their sales in accordance with the terms of contracts. The Group receives the entire sales proceeds from customers on behalf of the concessionaires and reimburses the sales proceeds to the concessionaires after deducting its share of the commission income.

For management fee, revenue is recognised over time in accordance with the stage of completion of management services specified in the contract.

For contracts entered into with purchasers on sales of properties, the relevant properties specified in the contracts are based on purchasers' specifications with no alternative use. Based on the opinion from external legal counsel, taking into consideration of the relevant contract terms, the legal environment and the relevant legal precedents, the Group concluded that the Group does not have an enforceable right to payment prior to transfer of the relevant properties to purchasers. Revenue from sales of properties is therefore recognised at a point in time when the completed property is transferred to the purchaser, being at the point that the purchaser obtains the control of the completed property and the Group has present right to payment and collection of the consideration is probable.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) and the expected timing of recognising revenue are as follows:

	Sales of properties		Customer loyalty programmes	
	2022	2021	**2022**	2021
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within one year	**85,803**	302,431	**16,022**	5,243
More than two years	**134,732**	–	**–**	–
Total	**220,535**	302,431	**16,022**	5,243

5. REVENUE *(Continued)*

(iv) Leases

	2022 RMB'000	2021 RMB'000
For operating leases:		
Lease payments that are fixed	**187,379**	190,540
Lease payments that are depend on performance of the lease assets	**832,669**	837,324
Total revenue arising from leases	**1,020,048**	1,027,864

6. 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 ("CEO"), being the chief operating decision makers (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 retail stores at Nanjing, Suzhou, Danyang and Kunshan
  - Northern Jiangsu Province, including retail stores at Nantong, Yangzhou, Xuzhou, Taizhou, Huai'an, Yancheng and Suqian
  - Western and the other regions of the PRC, including retail 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

The Group presents subtotal for the three operating and reportable segments for its retail operations, which their financial performance were reviewed by the CODM individually based on geographic area, because these three segments are operating in similar business model with similar target group of customers, and under the same regulatory environment, which is the development and operation of lifestyle centre and stylish department store chain in the PRC.

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

6. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

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

	Retail operations						
	Southern Jiangsu Province RMB'000	Northern Jiangsu Province RMB'000	Western and the other regions of the PRC RMB'000	Subtotal RMB'000	Property development and hotel operations RMB'000	Other operations RMB'000	Total RMB'000
For the year ended 31 December 2022							
Gross sales proceeds	5,559,265	7,671,760	1,413,403	14,644,428	284,169	22,549	14,951,146
Segment revenue	2,452,269	2,137,364	436,950	5,026,583	282,876	22,123	5,331,582
Segment results	932,488	1,058,421	150,205	2,141,114	53,004	(41,133)	2,152,985
Central administration costs and Directors' salaries							(74,452)
Other gains and losses							(504,535)
Share of results of associates							12,948
Share of results of joint ventures							435
Finance income							150,001
Finance costs							(370,709)
Profit before tax							1,366,673
Income tax expense							(603,817)
Profit for the year							762,856

6. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

	Retail operations						
	Southern Jiangsu Province RMB'000	Northern Jiangsu Province RMB'000	Western and the other regions of the PRC RMB'000	Subtotal RMB'000	Property development and hotel operations RMB'000	Other operations RMB'000	Total RMB'000
For the year ended 31 December 2021							
Gross sales proceeds	6,361,289	8,857,712	1,739,333	16,958,334	183,235	46,428	17,187,997
Segment revenue	2,550,925	2,419,204	534,289	5,504,418	177,461	35,619	5,717,498
Segment results	967,921	1,170,895	206,493	2,345,309	12,430	(26,794)	2,330,945
Central administration costs and Directors' salaries							(85,960)
Other gains and losses							175,049
Share of results of associates							14,125
Share of results of joint ventures							(955)
Finance income							79,616
Finance costs							(262,849)
Profit before tax							2,249,971
Income tax expense							(637,697)
Profit for the year							1,612,274

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit earned and loss incurred by each segment without allocation of central administration costs, Directors' salaries, other gains and losses, share of results of associates and joint ventures, finance income, finance costs and income tax expense. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

6. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

Other segment information

Amounts included in the measure of segment profit or loss:

	Retail operations						
	Southern Jiangsu Province RMB'000	Northern Jiangsu Province RMB'000	Western and the other regions of the PRC RMB'000	Subtotal RMB'000	Property development and hotel operations RMB'000	Other operations RMB'000	Total RMB'000
For the year ended 31 December 2022							
Depreciation and amortisation of property, plant and equipment and intangible asset	**174,530**	**138,547**	**48,275**	**361,352**	**14,106**	**8,686**	**384,144**
Depreciation of right-of-use assets	**35,330**	**28,668**	**13,710**	**77,708**	**-**	**1,700**	**79,408**
For the year ended 31 December 2021							
Depreciation and amortisation of property, plant and equipment and intangible asset	174,229	137,576	46,810	358,615	17,753	10,218	386,586
Depreciation of right-of-use assets	36,732	26,395	13,714	76,841	-	1,563	78,404
Less: amounts capitalised	-	(2,134)	-	(2,134)	-	-	(2,134)
	36,732	24,261	13,714	74,707	-	1,563	76,270

Information about major customers

None of the revenue from any customer contributed over 10% of the total revenue of the Group during both years.

7. OTHER INCOME, GAINS AND LOSSES

	2022 RMB'000	2021 RMB'000
Other income		
Income from suppliers, tenants and customers	**732,745**	730,583
Government grants	**16,173**	13,807
Others	**14,259**	6,617
	763,177	751,007
Other gains and losses		
Net foreign exchange (loss) gain	**(567,134)**	144,701
Dividend income from equity investments	**11,028**	2,141
Investment income from structured bank deposits	**57,863**	116,708
Fair value change of investment properties	**(20,266)**	2,240
Fair value gain upon transfer to investment properties	**–**	10,098
Fair value change of equity investments at FVTPL	**14,822**	7,422
Fair value change of unquoted fund investment	**5,960**	(27,447)
Gain on deemed disposal of an associate	**–**	507
Gain on disposal of a joint venture	**805**	–
Gain on termination of lease contracts	**386**	7,291
Compensation on termination of lease contracts in relation to store suspension and others (Note)	**(7,999)**	(88,612)
	(504,535)	175,049
	258,642	926,056

Note: The amounts included accruals provided by the Group for unsettled litigations according to the best estimation for a variety of risk events after seeking the independent legal advice.

Income from suppliers, tenants and customers mainly contributed by management fee income received for services provided over a period of one year or less and are recognised over time at the rate of each service specified in the contract. As permitted under HKFRS 15, the transaction price allocated to those unsatisfied contracts is not disclosed.

During the year, the relevant government authorities granted one-off and unconditional subsidies amounting to RMB16,173,000 (2021: RMB13,807,000) to support the Group's development in the respective local districts with no future related costs, which were recognised in the profit or loss in the year in which they received.

8. FINANCE INCOME

	2022	2021
	RMB'000	RMB'000
Interest income from bank deposits	**120,078**	68,958
Interest income from loans to third parties	**26,750**	7,626
Interest income from refundable rental deposits paid	**3,173**	3,032
	150,001	79,616

9. FINANCE COSTS

	2022	2021
	RMB'000	RMB'000
Interest expenses on:		
Bank loans	**232,270**	139,690
Senior notes	**123,974**	116,799
Proceeds from pre-sale of properties	**8,260**	17,638
Refundable rental deposits received	**7,411**	8,104
Lease liabilities	**8,004**	6,756
	379,919	288,987
Less: amounts capitalised in the cost of qualifying assets		
Properties under development for sale	**(9,210)**	(26,138)
	370,709	262,849

Finance costs capitalised are calculated by applying a weighted average capitalisation rate of approximately 5.2% (2021: 4.1%) per annum.

10. INCOME TAX EXPENSE

	2022	2021
	RMB'000	RMB'000
PRC Enterprise Income Tax ("EIT"):		
Current year	**506,294**	509,816
Land Appreciation Tax ("LAT")	**12,106**	6,763
Under (over) provision in prior years	**764**	(3,655)
	519,164	512,924
Deferred tax charge:		
Current year	**84,653**	124,773
	603,817	637,697

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

Except as described below, subsidiaries of the Company located in the PRC are subject to PRC EIT rate of 25% (2021: 25%) pursuant to the relevant PRC EIT laws. On 2 December 2020, Nanjing Golden Eagle Information Service Co., Ltd. was qualified as a High and New Technology Enterprise under the relevant PRC tax laws and regulations. Accordingly, the entity is entitled to a preferential income tax rate of 15% from 2020 to 2022. Kunming Golden Eagle Shopping Centre Co., Ltd. and Xi'an Golden Eagle International Shopping Centre Co., Ltd. are entitled to a preferential income tax rate of 15% because of their locations in western part of the PRC.

Under the relevant tax laws and implementation regulations in the PRC, withholding income tax is applicable to dividends payable to investors that are "non-PRC tax resident enterprises", which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends have their sources within the PRC.

The provision for LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

10. INCOME TAX EXPENSE *(Continued)*

During the year, 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 liabilities" line item of the consolidated financial statements.

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

	2022	2021
	RMB'000	RMB'000
Profit before tax	**1,366,673**	2,249,971
Tax at the applicable tax rate of 25% (2021: 25%)	**341,668**	562,493
Tax effect of share of results of associates	**(3,237)**	(3,531)
Tax effect of gain on deemed disposal of an associate	**–**	(127)
Tax effect of share of results of joint ventures	**(109)**	239
Tax effect of expenses not deductible for tax purpose	**256,413**	67,997
Tax effect of income not taxable for tax purpose	**(6,380)**	(38,378)
Tax effect of tax losses not recognised	**499**	12,523
LAT	**12,106**	6,763
Tax effect of LAT	**(3,027)**	(1,691)
Utilisation of tax losses previously not recognised	**(6,876)**	(8,652)
Under (over) provision in prior years	**764**	(3,655)
Effect of withholding tax on estimated dividends in respect of the PRC subsidiaries' current year undistributable profits	**32,000**	71,000
Income tax at concessionary rates	**(20,004)**	(27,284)
Tax expense for the year	**603,817**	637,697

11. PROFIT FOR THE YEAR

	2022 RMB'000	2021 RMB'000
Profit for the year has been arrived at after charging (crediting) the following items:		
Directors' emoluments	**919**	480
Other staff:		
Salaries and other benefits	**292,659**	346,851
Retirement benefits schemes contributions	**32,610**	33,652
	326,188	380,983
Auditor's remuneration	**2,610**	2,600
Depreciation and amortisation of property, plant and equipment and intangible asset	**384,144**	386,586
Depreciation of right-of-use assets	**79,408**	78,404
Less: amounts capitalised	**–**	(2,134)
	79,408	76,270
Covid-19-related rent concessions (note 16)	**(3,639)**	(57)
Loss on disposal/write-off of property, plant and equipment	**5,928**	2,530
Gross rental income from investment properties	**(104,295)**	(109,328)
Less: direct operating expenses incurred for investment properties	**9,644**	13,393
	(94,651)	(95,935)

12. DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' EMOLUMENTS

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

	2022				2021			
		Other emoluments				Other emoluments		
	Fees	Salaries and other benefits	Retirement benefits schemes contributions	Total	Fees	Salaries and other benefits	Retirement benefits schemes contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Directors								
Mr. Wang Hung, Roger	-	-	-	-	-	-	-	-
Mr. Tan Jianlin (Note 1)	-	443	42	485	-	-	-	-
Ms. Wang Janice S. Y. (Note 2)	-	-	-	-	-	60	3	63
Mr. Hans Hendrik Marie Diederen (Note 3)	-	-	-	-	-	-	-	-
Sub-total	-	443	42	485	-	60	3	63
Independent non-executive Directors								
Mr. Wong Chi Keung	186	-	-	186	179	-	-	179
Mr. Lay Danny J	124	-	-	124	119	-	-	119
Mr. Lo Ching Yan	124	-	-	124	119	-	-	119
Sub-total	434	-	-	434	417	-	-	417
Chief Executive Officer								
Mr. Chen Yihang (Note 4)	-	-	-	-	-	1,772	97	1,869
Total	434	443	42	919	417	1,832	100	2,349

Notes:

1. Mr. Tan Jianlin was appointed as an executive Director and the CEO and Mr. Wang has rendered his resignation as the CEO, both with effect from 18 August 2022.
2. Ms. Wang Janice S. Y. tendered her resignation as executive Director with effect from 25 June 2021.
3. Mr. Hans Hendrik Marie Diederen was retired as executive Director with effect from 27 May 2021.
4. Mr. Chen Yihang tendered his resignation and ceased to perform the duties as the CEO and Mr. Wang was appointed as the CEO, both with effect from 17 November 2021.

12. DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

The executive Directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive Directors' emoluments shown above were for their services as Directors.

The five highest paid employees of the Group during the year included the CEO (2021: included the CEO), details of whose emoluments are set out above. Details of the emoluments of the five (2021: five) highest paid individuals for the year were as follows:

	2022	2021
	RMB'000	RMB'000
Salaries and other benefits	**4,922**	5,920
Retirement benefits schemes contributions	**451**	364
	5,373	6,284

The five highest paid employees whose emoluments were within the following bands:

	2022	2021
	No. of employees	No. of employees
Nil to Hong Kong dollar ("HK$") 1,000,000	**2**	1
HK$1,000,001 to HK$1,500,000	**2**	2
HK$1,500,001 to HK$2,000,000	**1**	1
HK$2,000,001 to HK$2,500,000	**–**	1
	5	5

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

13. DIVIDENDS

	2022 **RMB'000**	2021 RMB'000
Dividends recognised as distribution during the year:		
2020 final dividend: RMB0.350 (2021 final dividend: nil) per share	**–**	577,243
2021 interim dividend: RMB0.118 (2022 interim dividend: nil) per share	**–**	195,482
	–	772,725

Subsequent to the end of the reporting period, the Directors resolved not to recommend the payment of a final dividend for the year ended 31 December 2022.

14. EARNINGS PER SHARE

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

	2022 **RMB'000**	2021 RMB'000
Earnings		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	**748,456**	1,613,957

	2022 **`000**	2021 `000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,660,205**	1,660,205

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST								
At 1 January 2021	9,858,023	1,591,798	122,245	245,503	4,082	2,792	53,526	11,877,969
Additions/other adjustment	(24,090)	157,055	168	12,862	37	295	79,005	225,332
Transfers	15,707	13,795	–	–	–	–	(29,502)	–
Disposals	(668)	(183,206)	(2,140)	(7,198)	(2,413)	(1,073)	–	(196,698)
At 31 December 2021	9,848,972	1,579,442	120,273	251,167	1,706	2,014	103,029	11,906,603
Additions	10,220	63,356	143	22,992	–	–	35,169	131,880
Transfers	15,037	13,587	–	–	–	–	(28,624)	–
Transferred to properties under development for sale	–	–	–	–	–	–	(34,320)	(34,320)
Disposals	(5,955)	(4,072)	(1,532)	(15,762)	–	(506)	–	(27,827)
At 31 December 2022	9,868,274	1,652,313	118,884	258,397	1,706	1,508	75,254	11,976,336
DEPRECIATION								
At 1 January 2021	1,916,194	1,191,897	104,647	187,671	2,197	1,279	–	3,403,885
Provided for the year	241,227	127,106	1,351	15,401	176	660	–	385,921
Eliminated on disposals	(425)	(181,786)	(2,044)	(6,201)	(886)	(575)	–	(191,917)
At 31 December 2021	2,156,996	1,137,217	103,954	196,871	1,487	1,364	–	3,597,889
Provided for the year	242,869	124,820	861	14,557	13	359	–	383,479
Eliminated on disposals	(4,546)	(2,321)	(1,320)	(12,682)	–	(447)	–	(21,316)
At 31 December 2022	2,395,319	1,259,716	103,495	198,746	1,500	1,276	–	3,960,052
CARRYING VALUES								
At 31 December 2022	7,472,955	392,597	15,389	59,651	206	232	75,254	8,016,284
At 31 December 2021	7,691,976	442,225	16,319	54,296	219	650	103,029	8,308,714

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

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

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

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

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

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

As at the end of the reporting period, the Group is in the process of obtaining title deeds of buildings with carrying value of approximately RMB2,111,339,000 (2021: RMB2,178,922,000). In the opinion of the Directors, the relevant ownership certificates can be obtained without incurring significant costs.

The Group as lessor

The Group leases out a number of properties under operating leases. The leases typically run for an initial period of 1 month to 15 years (2021: 1 month to 15 years). The reconciliation of the carrying values of these leasehold land and buildings are set out as below:

	Amount
	RMB'000
COST	
At 1 January 2021	2,456,009
Additions/other adjustments	74,311
At 31 December 2021	2,530,320
Additions	1,398
Transferred to self-used	(39,179)
At 31 December 2022	2,492,539
DEPRECIATION	
At 1 January 2021	432,582
Provided for the year	73,703
At 31 December 2021	506,285
Provided for the year	56,583
At 31 December 2022	562,868
CARRYING VALUES	
At 31 December 2022	1,929,671
At 31 December 2021	2,024,035

16. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Leased properties RMB'000	Total RMB'000
At 31 December 2022			
Carrying amount	1,849,295	562,409	2,411,704
At 31 December 2021			
Carrying amount	1,952,972	588,902	2,541,874
For the year ended 31 December 2022			
Depreciation charge	55,308	24,100	79,408
For the year ended 31 December 2021			
Depreciation charge	57,442	20,962	78,404
Less: amounts capitalised in construction in progress	(2,134)	–	(2,134)
	55,308	20,962	76,270

	2022 **RMB'000**	2021 RMB'000
Expenses relating to short-term leases	**6,457**	7,555
Variable lease payments paid/payable not included in the measurement of lease liabilities	**377,464**	388,728
Total cash outflow for leases	**397,722**	411,024
Additions to right-of-use assets	**899**	11,465

16. RIGHT-OF-USE ASSETS *(Continued)*

The Group leases certain offices, warehouses, convenient store properties and retail store properties for its operations. Lease contracts are entered into for fixed term of 1 to 20 years (2021: 1 to 20 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Out of all the lease contracts, 13 (2021: 13) retail store property leases contain variable lease payments that are determinate based on 3% to 5% (2021: 3% to 5%) of respective store's gross sales proceeds, after deduction of related sales taxes and discounts. The overall financial effect of using variable lease payment terms is that the retail stores will incur lower lease payments at its initial ramp up stage and incur higher lease payments when the stores' sales are higher as variable lease payments are determined at a fixed percentage of the stores' future sales.

The Group has obtained the land use right certificates for all leasehold lands except for leasehold lands with carrying amount of RMB301,249,000 (2021: RMB312,181,000) in which the Group is in the process of obtaining.

Rent Concessions

These rent concessions occurred as a direct consequence of Covid-19 pandemic and met all of the conditions set out in HKFRS 16.46B, and the Group has applied the practical expedient not to assess whether the changes constitute lease modifications. The effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases amounted to RMB3,639,000 (2021: RMB57,000) were recognised as negative variable lease payments.

17. INVESTMENT PROPERTIES

The Group leases out various retail floor area under operating leases with rentals receivable monthly. The leases typically run for an initial period of 1 month to 15 years (2021: 1 month to 15 years), with unilateral rights by lessor to extend the lease beyond initial period. Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend. The leases of retail floor area contain variable lease payments that are determinate based on certain percentage of the lessee's gross sales or gross profit after deduction of related sales taxes and discounts and the minimum annual lease payments are fixed over the lease term.

17. INVESTMENT PROPERTIES *(Continued)*

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the functional currency of the respective group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	Amount
	RMB'000
Fair Value	
At 1 January 2021	2,238,231
Transferred from completed properties for sale (Note)	266,200
Net change in fair value recognised in profit or loss	2,240
At 31 December 2021	2,506,671
Net change in fair value recognised in profit or loss	(20,266)
Disposals	(13,735)
At 31 December 2022	2,472,670

Note: The transfer from completed properties for sale to investment properties were made since there was a change in use as evidenced by the inception of operating leases to third parties.

All of the Group's property interests are completed properties held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment properties has been arrived at on the basis of a valuation carried out on the respective reporting dates by Jones Lang LaSalle Corporate Appraisal and Advisory Limited (2021: Jones Lang LaSalle Corporate Appraisal and Advisory Limited), independent qualified professional valuers not connected to the Group.

In estimating the fair value of these properties, the highest and best use of the properties is their current use. The fair values of certain investment properties have been adjusted to exclude prepaid or accrued operating lease income to avoid double counting.

17. INVESTMENT PROPERTIES *(Continued)*

Completed investment properties	Valuation technique(s)	Significant unobservable input(s)	Sensitivity
Wuhu International Plaza commercial part located in Wuhu	Income capitalisation	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition of 6.50% (2021: 6.50%).	An increase in the capitalisation rate used would result in a decrease in fair value, and vice versa.
		Monthly market rent, using direct market comparables and taking into account of time, location, and individual factors, such as frontage and size of the property, of RMB158 (2021: RMB181) per square metre ("sqm") per month for the base level.	An increase in the market rent used would result in an increase in fair value, and vice versa.
Baxian City located in Nantong	Income capitalisation	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition of 5.50%-6.50% (2021: 5.50%-6.50%).	An increase in the capitalisation rate used would result in a decrease in fair value, and vice versa.
		Monthly market rent, using direct market comparables and taking into account of time, location, and individual factors, such as frontage and size of the property, of RMB235 (2021: RMB235) per sqm per month for the base level.	An increase in the market rent used would result in an increase in fair value, and vice versa.

17. INVESTMENT PROPERTIES *(Continued)*

Completed investment properties	Valuation technique(s)	Significant unobservable input(s)	Sensitivity
Nantong Renmin Road Store located in Nantong	Income capitalisation	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition of 5.50%-6.50% (2021: 5.50%-6.50%).	An increase in the capitalisation rate used would result in a decrease in fair value, and vice versa.
		Monthly market rent, using direct market comparables and taking into account of time, location, and individual factors, such as frontage and size of the property, of RMB283 (2021: RMB276) per sqm per month for the base level.	An increase in the market rent used would result in an increase in fair value, and vice versa.
Wuhu International Plaza part of unsold office units located in Wuhu	Income capitalisation	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition of 5.25% (2021: 5.25%).	An increase in the capitalisation rate used would result in a decrease in fair value, and vice versa.
		Monthly market rent, using direct market comparables and taking into account of time, location, and individual factors, such as frontage and size of the property, of RMB49 (2021:RMB51) per sqm per month for the base level.	An increase in the market rent used would result in an increase in fair value, and vice versa.

17. INVESTMENT PROPERTIES *(Continued)*

Completed investment properties	Valuation technique(s)	Significant unobservable input(s)	Sensitivity
Jiangdu Golden Eagle Commercial Plaza located in Yangzhou	Income capitalisation	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition of 4.50%-6.25% (2021: 4.50%-6.25%).	An increase in the capitalisation rate used would result in a decrease in fair value, and vice versa.
		Monthly market rent, using direct market comparables and taking into account of time, location, and individual factors, such as frontage and size of the property, of RMB285 (2021: RMB285) per sqm per month for the base level.	An increase in the market rent used would result in an increase in fair value, and vice versa.
Zone B Xianlin Hubin Tiandi located in Nanjing	Income capitalisation	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition of 5.25%-6.25% (2021: 5.25%-6.25%).	An increase in the capitalisation rate used would result in a decrease in fair value, and vice versa.
		Monthly market rent, using direct market comparables and taking into account of time, location, and individual factors, such as frontage and size of the property, of RMB280 (2021: RMB279) per sqm per month for the base level.	An increase in the market rent used would result in an increase in fair value, and vice versa.

17. INVESTMENT PROPERTIES *(Continued)*

Completed investment properties	Valuation technique(s)	Significant unobservable input(s)	Sensitivity
Suzhou Gaoxin Golden Eagle Commercial Plaza located in Suzhou	Income capitalisation	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition of 5.25%-6.00% (2021: 5.25%-6.00%).	An increase in the capitalisation rate used would result in a decrease in fair value, and vice versa.
		Monthly market rent, using direct market comparables and taking into account of time, location, and individual factors, such as frontage and size of the property, of RMB318 (2021: RMB308) per sqm per month for the base level.	An increase in the market rent used would result in an increase in fair value, and vice versa.
Other properties	Income capitalisation	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition of 6.00%-6.50% (2021: 6.00%-6.50%).	An increase in the capitalisation rate used would result in a decrease in fair value, and vice versa.
		Monthly market rent, using direct market comparables and taking into account of time, location, and individual factors, such as frontage and size of the property, of RMB102-346 (2021: RMB98-338) per sqm per month for the base level.	An increase in the market rent used would result in an increase in fair value, and vice versa.

17. INVESTMENT PROPERTIES *(Continued)*

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

	Level 3 and fair value as at	
	31 December 2022 RMB'000	31 December 2021 RMB'000
Wuhu International Plaza commercial part located in Wuhu	**484,000**	487,000
Baxian City located in Nantong	**288,700**	291,300
Nantong Renmin Road Store located in Nantong	**271,000**	273,300
Wuhu International Plaza part of unsold office units located in Wuhu	**250,800**	266,200
Jiangdu Golden Eagle Commercial Plaza located in Yangzhou	**237,000**	238,000
Zone B Xianlin Hubin Tiandi located in Nanjing	**230,700**	228,900
Suzhou Gaoxin Golden Eagle Commercial Plaza located in Suzhou	**198,500**	198,500
Other properties	**511,970**	523,471
	2,472,670	2,506,671

There were no transfers in or out of fair value hierarchy Level 3 during both years.

18. INTANGIBLE ASSET

	Franchise right RMB'000
COST	
At 1 January 2021, 31 December 2021 and 31 December 2022	13,302
AMORTISATION	
At 1 January 2021	2,050
Provided for the year	665
At 31 December 2021	2,715
Provided for the year	665
At 31 December 2022	3,380
CARRYING VALUES	
At 31 December 2022	9,922
At 31 December 2021	10,587

On 30 November 2017, the Group entered into a purchase agreement with Seven-Eleven (China) Investment Co., Ltd. for the acquisition of 7-Eleven franchise right in Jiangsu Province, which is amortised on a straight-line basis over its franchise term of 20 years.

19. GOODWILL

	Amount RMB'000
COST	
At 1 January 2021, 31 December 2021 and 31 December 2022	263,179
ACCUMULATED IMPAIRMENT LOSSES	
At 1 January 2021, 31 December 2021 and 31 December 2022	245,515
CARRYING VALUE	
At 31 December 2022 and 31 December 2021	17,664

19. GOODWILL *(Continued)*

Impairment testing on goodwill

For the purpose of impairment testing, goodwill has been allocated to the following cash-generating units ("CGUs") which are principally engaged in the retail operations in respective cities. At the end of the reporting period, the carrying amounts of goodwill allocated to these units are as follows:

	Segment classification	**31 December 2022 and 31 December 2021** RMB'000
Nantong Golden Eagle Yuanrong Shopping Centre Co., Ltd.	Retail operations – Northern Jiangsu Province	9,735
Yangzhou Golden Eagle International Industry Co., Ltd.	Retail operations – Northern Jiangsu Province	481
Xuzhou Golden Eagle International Industry Co., Ltd.	Retail operations – Northern Jiangsu Province	731
Xi'an Golden Eagle International Shopping Centre Co., Ltd.	Retail operations – Western and the other regions of the PRC	6,717
		17,664

The recoverable amounts of the CGUs have been determined based on a value in use calculation of the respective CGUs which containing similar key assumptions. For the purpose of determining the value in use, cash flow projections based on financial budgets approved by the Management covering a five year period has been used. No growth has been assumed beyond that period. The discount rate applied to the cash flow projections is 10 % (2021: 10%) per annum.

19. GOODWILL *(Continued)*

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

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

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

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

20. INTERESTS IN ASSOCIATES

	2022	2021
	RMB'000	RMB'000
Cost of investments in associates		
Listed	**292,616**	292,616
Unlisted	**59,754**	59,754
Share of post-acquisition losses and other comprehensive expenses	**(152,503)**	(164,657)
Impairment loss in associates	**(32,722)**	(32,722)
	167,145	154,991
Fair value of listed investments (Note)	**112,186**	146,273

Note: The fair value of the listed investments is determined based on the quoted market bid price multiplied by the quantity of shares held by the Group.

20. INTERESTS IN ASSOCIATES *(Continued)*

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

Name of associate	Place/country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/registered capital held by the Company		Principal activities
			2022	2021	
中美聯合實業股份有限公司 (Allied Industrial Corp., Ltd.) ("Allied")	Taiwan	Share capital – Taiwan Dollar 723,332,000	**42.6%**	42.6%	Trading of disperse dyestuffs and motor vehicles and investment holding
米斯特比薩金鷹餐飲管理(上海)有限公司 (Mr Pizza Golden Eagle Restaurant Management (Shanghai) Co., Ltd.)	PRC	Registered capital – RMB51,000,000	**41.2%**	41.2%	Operation of chain pizza restaurant
南京金鷹泡泡瑪特商貿有限公司 (Nanjing Golden Eagle Pop Mart Trading Co., Ltd.)	PRC	Registered capital – RMB20,000,000	**48.0%**	48.0%	Branded fashion toys retailer
Toebox Korea Ltd. (Note)	Korea	Share capital – Korea (South) Won 4,807,478,900	**12.0%**	12.0%	Branded footwear and fashion retailer
南京彼愛一生珠寶有限公司 (Nanjing Beloves Co., Ltd.)	PRC	Registered capital – RMB60,000,000	**45.0%**	45.0%	Branded jewellery retailer
上海存立眾創空間管理有限公司 (Shanghai Cunli Maker Space Management Co., Ltd.)	PRC	Registered capital – RMB20,000,000	**25.0%**	25.0%	Operation of share office
Golden Eagle & Shinwon Trading Co., Limited	Hong Kong	Share capital – United States dollar ("USD") 7,500,000	**33.3%**	33.3%	Branded fashion retailer
南京金德食品科技有限公司 (Nanjing Jinde Food Technology Co., Ltd.)	PRC	Share capital – RMB10,000,000	**45.0%**	45.0%	Manufacturing and trading of food products

Note: The Group is able to exercise significant influence over the associate because it has the power to appoint a representative director into the associate's board of directors in accordance with its articles of association.

20. INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information of material associate

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

	2022 **RMB'000**	2021 RMB'000
Current assets	**127,133**	121,893
Non-current assets	**204,494**	201,802
Current liabilities	**65,331**	78,922
Non-current liabilities	**2,494**	4,183
Revenue	**233,114**	249,672
Profit for the year	**26,858**	19,304
Other comprehensive expense for the year	**(3,646)**	(3,390)
Total comprehensive income for the year	**23,212**	15,914

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

	2022 **RMB'000**	2021 RMB'000
Net assets	**263,802**	240,590
Proportion of the Group's ownership interest	**42.6%**	42.6%
Impairment	**(25,094)**	(25,094)
Others	**1,570**	1,570
Carrying amount of the Group's interest	**88,882**	78,991

Aggregate information of associates that are not individually material

	2022 **RMB'000**	2021 RMB'000
The Group's share of post-tax profit and total comprehensive income	**2,263**	3,844
Aggregate carrying amount of the Group's interests in these associates	**78,263**	76,000

21. INTERESTS IN JOINT VENTURES

	2022 RMB'000	2021 RMB'000
Cost of unlisted investments in joint ventures	**15,263**	19,463
Share of post-acquisition losses and other comprehensive expenses	**(340)**	(3,980)
Impairment loss in a joint venture	**(1,272)**	(1,272)
	13,651	14,211

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

Name of joint venture	Place/country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/registered capital held by the Company 2022	2021	Principal activities
江蘇新華金鷹傳媒股份有限公司 (Jiangsu Xinhua Golden Eagle Media Co., Ltd.)	PRC	Registered capital – RMB20,000,000	**49.0%**	49.0%	Design, production and dissemination of advertisement
南京金鷹柯娜寵物有限公司 (Nanjing Golden Eagle KONA Pets Co., Ltd.)	PRC	Registered capital – RMB10,000,000	**40.0%**	40.0%	Branded pet services provider
南京千可果業有限公司 (Nanjing Qianke Drink Co., Ltd.)	PRC	Registered capital – RMB5,000,000	**51.0%**	51.0%	Branded chain beverage operator
Goldmark Global Company Limited	Hong Kong	Registered capital – HK$20	**50.0%**	50.0%	Dormant
南京金鷹泰皇璽健康管理有限公司 (Nanjing Golden Eagle Thai Odyssey Health Management Co., Ltd.)	PRC	Registered capital – RMB8,400,000	**-**	50.0%	Provision of health management services

22. TRADE AND OTHER RECEIVABLES

	2022	2021
	RMB'000	RMB'000
Trade receivables	**77,266**	89,036
Advances to suppliers	**88,949**	103,488
Rental deposits	**61,913**	59,265
Other deposits	**18,933**	15,416
Other taxes recoverable	**85,889**	113,642
Loans to third parties (Note)	**847,388**	121,575
Other receivables and prepayments	**230,407**	180,253
	1,410,745	682,675
Presented as:		
Non-current assets	**61,290**	58,265
Current assets	**1,349,455**	624,410
	1,410,745	682,675

Note: As at 31 December 2022, the amounts represent short-term loans advanced to independent third parties, which were secured and guaranteed, secured or unsecured, bearing fixed rate interest ranging from 5% to 20% per annum and repayable within 60 days to 1 year. (2021: a short-term loan advanced to an independent third party, which was secured, bearing fixed rate interest of 20% per annum and repayable within 1 year).

For operations other than property development, 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 which are normally settled within 15 days. There is no trade receivable from property development operations at the end of the reporting periods.

As at 1 January 2021, trade receivables from contracts with customers amounted to RMB72,947,000.

Trade receivables for retail operations amounting to RMB70,520,000 (2021: RMB84,846,000) were aged within 15 days and the remaining trade receivables were aged within 90 days based on the invoice dates at the end of the reporting period.

As at 31 December 2022, rental deposits amounting to RMB106,000,000 (2021: RMB106,000,000) were paid to fellow subsidiaries of the Group.

Details of impairment assessment of trade and other receivables are set out in note 44.

23. EQUITY INSTRUMENTS AT FVTOCI/FINANCIAL ASSETS AT FVTPL

	2022 RMB'000	2021 RMB'000
Equity instruments at FVTOCI		
Listed equity investments (Note)	**63,566**	55,557
Financial assets at FVTPL		
Non-current		
Unquoted fund investment	**210,473**	204,513
Current		
Listed equity investments	**189,017**	90,927
	399,490	295,440

Note: In the current year, the Group disposed of listed equity investments in the PRC at an aggregate consideration of RMB16,720,000 (2021: RMB33,182,000), which were also the aggregate fair values as at the dates of disposals, as these investments no longer meet the investment objective of the Group. A cumulative loss on disposal of RMB14,718,000 (2021: RMB1,899,000) has been transferred to retained profits.

24. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of deferred tax balances for financial reporting purposes:

	2022 RMB'000	2021 RMB'000
Deferred tax assets	**35,809**	43,143
Deferred tax liabilities	**(958,381)**	(900,744)
	(922,572)	(857,601)

24. DEFERRED TAXATION *(Continued)*

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

	Accelerated depreciation and amortisation allowances	Fair value adjustment on property, plant and equipment, investment properties and properties under development for sale arising from acquisition of subsidiaries	Undistributable profits of the PRC subsidiaries	LAT	Tax losses	Revaluation of equity instruments at FVTOCI	Revaluation of financial assets at FVTPL	Contract liabilities	Fair value adjustment on investment properties	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	403,266	186,679	52,750	8,544	(57,464)	(5,708)	10,858	(1,430)	156,202	26,430	780,127
Charge (credit) for the year (note 10)	49,936	(213)	71,000	(1,527)	14,662	-	(9,284)	125	3,085	(3,011)	124,773
Charge to other comprehensive income	-	-	-	-	-	1,672	-	-	-	-	1,672
Derecognised on disposal of equity instruments at FVTOCI	-	-	-	-	-	29	-	-	-	-	29
Reversal on payment of withholding tax	-	-	(49,000)	-	-	-	-	-	-	-	(49,000)
At 31 December 2021	**453,202**	**186,466**	**74,750**	**7,017**	**(42,802)**	**(4,007)**	**1,574**	**(1,305)**	**159,287**	**23,419**	**857,601**
Charge (credit) for the year (note 10)	**52,458**	**(3,856)**	**32,000**	**(3,333)**	**20,175**	**-**	**(262)**	**(2,639)**	**(5,389)**	**(4,501)**	**84,653**
Credit to other comprehensive income	**-**	**-**	**-**	**-**	**-**	**(801)**	**-**	**-**	**-**	**-**	**(801)**
Derecognised on disposal of equity instruments at FVTOCI	**-**	**-**	**-**	**-**	**-**	**1,119**	**-**	**-**	**-**	**-**	**1,119**
Reversal on payment of withholding tax	**-**	**-**	**(20,000)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(20,000)**
At 31 December 2022	**505,660**	**182,610**	**86,750**	**3,684**	**(22,627)**	**(3,689)**	**1,312**	**(3,944)**	**153,898**	**18,918**	**922,572**

24. DEFERRED TAXATION *(Continued)*

At the end of the reporting period, the Group has unused tax losses of RMB185,075,000 (2021: RMB295,732,000) available for offset against future profits. A deferred tax asset has been recognised in respect of RMB90,508,000 (2021: RMB171,208,000) of such losses which were tax losses arising from the PRC and can be carried forward up to five years from the year in which the loss was originated to offset future taxable profits. No deferred tax asset has been recognised in respect of the remaining RMB94,567,000 (2021: RMB124,524,000) which were mainly arising from Hong Kong and may be carried forward indefinitely, due to the unpredictability of future profit streams.

Pursuant to PRC EIT laws, withholding tax is imposed on dividends declared by PRC subsidiaries of the Group in respect of profits earned from 1 January 2008 onwards. Deferred taxation has been provided for the portion of profits that are expected to be distributed by the PRC subsidiaries and no deferred taxation has been provided for the remaining profits of approximately RMB4,094 million as at 31 December 2022 (2021: RMB3,076 million) as the Group is able to control the timing of the distribution and it is probable that the amount will not be distributed in the foreseeable future.

25. PROPERTIES UNDER DEVELOPMENT FOR SALE/COMPLETED PROPERTIES FOR SALE

	2022 **RMB'000**	2021 RMB'000
Properties under development for sale	**1,582,768**	1,551,987
Completed properties for sale	**622,588**	635,288
Carrying amount of leasehold lands	**878,800**	892,366

The carrying amount of leasehold lands is measured at cost less any impairment losses and determined as the estimated disposal value of the leasehold land component.

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26. AMOUNTS DUE FROM FELLOW SUBSIDIARIES

	2022 RMB'000	2021 RMB'000
南京金鷹國際實業有限公司 (Nanjing Golden Eagle International Industry Co., Ltd.)	**11,489**	11,489
昆山金鷹信息科技發展有限公司 (Kunshan Golden Eagle Information Technology Development Co., Ltd.)	**16,113**	10,981
南京建鄴金鷹科技發展有限公司 (Nanjing Jianye Golden Eagle Technology Development Co., Ltd.)	**9,513**	–
南京金鷹國際集團有限公司 (Nanjing Golden Eagle International Group Co., Ltd.)	**7,285**	7,142
南京金鷹國際物業發展有限公司 (Nanjing Golden Eagle International Properties Development Co., Ltd.)	**3,094**	4,130
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.)	**2,312**	3,675
宿遷金鷹置業有限公司 (Suqian Golden Eagle Properties Co., Ltd.)	**1,827**	3,676
Others	**7,128**	8,829
	58,761	49,922

The amount due from Nanjing Golden Eagle International Group Co., Ltd. is mainly related to payments made for acquisition and construction of property, plant and equipment. The remaining amounts represent prepayments made for the Group's operations. All these amounts are unsecured, interest free and repayable on demand.

27. RESTRICTED/PLEDGED BANK BALANCES AND CASH AND CASH EQUIVALENTS

	2022	2021
	RMB'000	RMB'000
Restricted/pledged bank balances (Note 1)	**75,177**	26,121
Cash and cash equivalents (Note 2)	**7,814,741**	7,651,382
	7,889,918	7,677,503

Notes:

1. Restricted/pledged bank balances represent balances for the purpose of syndicated loan interest payments (note 32) and designated property development project payments. The pledged bank balances will be released upon the settlement of the relevant syndicated loan.

2. Cash and cash equivalents include short term deposits for the purpose of meeting the Group's short term cash commitments, which carry interest at the rates range from 0.3% to 3.0% (2021: 0.3% to 3.0%) per annum.

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

28. TRADE AND OTHER PAYABLES

	2022	2021
	RMB'000	RMB'000
Trade payables	**1,565,825**	2,280,048
Payables for purchase of property, plant and equipment	**401,283**	481,787
Rental deposits	**272,336**	290,121
Suppliers' deposits	**181,707**	188,029
Accrued expenses	**155,973**	169,821
Accrued salaries and welfare expenses	**37,623**	58,524
Advance lease payments	**14,980**	18,886
Interest payable	**14,729**	13,484
Other taxes payable	**46,229**	118,274
Other payables	**685,564**	636,270
	3,376,249	4,255,244
Presented as:		
Non-current liabilities	**105,062**	138,494
Current liabilities	**3,271,187**	4,116,750
	3,376,249	4,255,244

28. TRADE AND OTHER PAYABLES *(Continued)*

The credit period on purchases of goods is mainly ranging from 30 to 60 days. The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2022	2021
	RMB'000	RMB'000
0 to 30 days	**1,070,634**	1,732,255
31 to 60 days	**127,286**	185,671
61 to 90 days	**38,050**	64,461
Over 90 days	**329,855**	297,661
	1,565,825	2,280,048

29. AMOUNTS DUE TO FELLOW SUBSIDIARIES

	2022	2021
	RMB'000	RMB'000
南京金鷹國際集團有限公司 (Nanjing Golden Eagle International Group Co., Ltd.)	**56,559**	63,718
昆山金鷹信息科技發展有限公司 (Kunshan Golden Eagle Information Technology Development Co., Ltd.)	**56,287**	56,287
南京金鷹工程建設有限公司 (Nanjing Golden Eagle Construction Work Co., Ltd.)	**14,101**	20,965
南京金鷹國際物業集團有限公司 (Nanjing Golden Eagle International Property Group Co., Ltd.)	**137**	10,184
南京建鄴金鷹置業有限公司 (Nanjing Jianye Golden Eagle Properties Co., Ltd.)	**202**	4,846
Others	**7,920**	11,726
	135,206	167,726

The amounts due to Nanjing Golden Eagle International Group Co., Ltd., Kunshan Golden Eagle Information Technology Development Co., Ltd. and Nanjing Golden Eagle Construction Work Co., Ltd. are mainly related to acquisition and construction of property, plant and equipment. The remaining amounts represent trade payables to fellow subsidiaries which aged within 90 days. All these amounts are unsecured, interest free and repayable on demand.

30. LEASE LIABILITIES

	2022 RMB'000	2021 RMB'000
Lease liabilities payable:		
Within one year	**27,477**	30,646
More than one year, but not exceeding two years	**37,216**	40,096
More than two years, but not exceeding five years	**101,773**	104,281
More than five years	**371,134**	375,119
	537,600	550,142
Less: amount due for settlement within one year shown under current liabilities	**27,477**	30,646
Amount due for settlement after one year	**510,123**	519,496

The weighted average incremental borrowing rates applied to lease liabilities range from 3.5% to 5.8% (2021: 3.5% to 5.8%) per annum.

31. PREPAYMENTS FROM CUSTOMERS/CONTRACT LIABILITIES

	2022 RMB'000	2021 RMB'000
Prepayments from customers (i)	**3,608,112**	3,383,151
Contract liabilities:		
Deposits and prepayments received from pre-sale of properties (ii)	**220,535**	302,431
Deferred revenue arising from the Group's customer loyalty programmes (iii)	**16,022**	5,243
	236,557	307,674

As at 1 January 2021, contract liabilities amounted to RMB360,059,000.

31. PREPAYMENTS FROM CUSTOMERS/CONTRACT LIABILITIES *(Continued)*

Typical payment terms which impact on the amount of prepayments from customers/contract liabilities recognised are as follows:

(i) Prepayments from customers

The Group receives 100% of the face value of gift cards, which are refundable and with no expiration date.

(ii) Sales of properties

The Group receives 30% to 100% of the contract value as deposits from property purchasers when they sign the sale and purchase agreements. Such advance payments result in contract liabilities being recognised throughout the property construction period for the amounts received.

The Group considers the advance payments contain significant financing component and accordingly, the amount of considerations received is adjusted for the effects of time value of money taking into consideration the credit characteristics of the Group. As this accrual increases the amount of contract liabilities recognised during the property construction period, it thus increases the amount of revenue recognised when control of the completed property is transferred to the purchaser.

Amount of RMB227,008,000 (2021: RMB91,497,000) related to deposits and prepayments received from pre-sale of properties was recognised as revenue during the year ended 31 December 2022, which was included in contract liabilities at the beginning of the current year.

(iii) Customer loyalty programmes

As at 31 December 2022, the loyalty coupons generated under the customer loyalty programmes will be expired within 59 days (2021: 37 days) from the respective dates of year end.

32. BANK LOANS

	2022 RMB'000	2021 RMB'000
Secured syndicated loan (Note 1)	**4,227,016**	3,777,706
Carrying amount repayable (Note 2):		
Within one year	**281,203**	103,918
More than one year, but not exceeding two years	**3,945,813**	3,673,788
	4,227,016	3,777,706
Less: amount due within one year shown under current liabilities	**281,203**	103,918
Amount due after one year	**3,945,813**	3,673,788

Notes:

1. The syndicated loan carries interest at London Interbank Offer Rate ("LIBOR")/Hong Kong Interbank Offer Rate ("HIBOR") + 2.5% (2021: LIBOR/HIBOR + 2.5%) per annum and repayable in full in April 2024. The effective interest rates for the syndicate loan during the year were 3.5% to 7.2% (2021: 3.5% to 4.1%) per annum. As at 31 December 2022, the outstanding syndicated loan in its original currencies amounted to USD420,000,000 and HK$1,408,000,000 (2021: USD420,000,000 and HK$1,408,000,000). Details of the assets pledged for the syndicated loan facilities are set out in note 38.

2. The repayment date is determined based on scheduled repayment dates set out in the respective loan agreement.

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

	2022 RMB'000	2021 RMB'000
USD	**2,957,166**	2,642,020
HK$	**1,269,850**	1,135,686
	4,227,016	3,777,706

33. SENIOR NOTES

	2022 RMB'000	2021 RMB'000
Senior notes	**2,634,667**	2,406,167
Interest payable within one year reclassified as current liabilities under other payables	**14,729**	13,484
	2,649,396	2,419,651
Carrying amount repayable:		
Within one year	**2,649,396**	13,484
More than one year, but not exceeding five years	**–**	2,406,167
	2,649,396	2,419,651
Less: amount due within one year shown under current liabilities	**2,649,396**	13,484
Amount due after one year	**–**	2,406,167

On 21 May 2013, the Company issued senior notes in the aggregate principal amount of USD400.0 million (equivalent to RMB2,476.2 million) (the "2013 Notes") at USD398.4 million (equivalent to RMB2,466.1 million). The 2013 Notes carry fixed coupon rate of 4.625% per annum, payable semi-annually in arrears, and will mature on 21 May 2023, unless redeemed earlier. As at 31 December 2022, the outstanding 2013 Notes in its original currency amounts to USD378.5 million (2021: USD378.5 million).

At any time, the Company may at its option redeem the 2013 Notes, (1) in whole but not in part, at the principal amount, together with accrued and unpaid interest, if any, to the redemption date upon certain changes in the tax laws of certain tax jurisdictions, or (2) in whole or in part, at a redemption price equal to 100% of the principal amount of the 2013 Notes redeemed, and accrued and unpaid interest, if any, to the redemption date.

The 2013 Notes also contain a provision for redemption at the option of the noteholders at 101% of the principal amount of each note, together with accrued and unpaid interest, if any, to the redemption date, upon a change of control triggering event.

The 2013 Notes contain a liability component and an early redemption option:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives. The interest charged for the year is calculated by applying an effective interest rate of approximately 4.8% (2021: 4.8%) per annum to the liability component since the 2013 Notes were issued at a discount.

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

34. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 January 2021, 31 December 2021 and 31 December 2022	5,000,000,000	500,000
Issued and fully paid:		
At 1 January 2021, 31 December 2021 and 31 December 2022	1,660,205,000	166,021

	RMB'000
Shown in the consolidated statement of financial position:	
At 31 December 2022 and 31 December 2021	**175,146**

35. RESERVES

Special reserve

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

Statutory surplus reserve

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

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

Appropriation from the PRC Accounting Profit to the enterprise expansion fund is at the discretion of the board of directors of the FIE Subsidiaries. The enterprise expansion fund, subject to approval by relevant government authority, may also be used to increase capital. No appropriation to the enterprise expansion fund has been made by the FIE Subsidiaries since their establishments.

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

36. OPERATING LEASING ARRANGEMENTS

The Group as lessor

At the end of the reporting period, the Group had contracted with lessees in respect of retail floor areas which are negotiated for terms ranging from 1 month to 15 years.

Undiscounted lease payments receivable on leases are as follows:

	2022 **RMB'000**	2021 RMB'000
Within one year	**708,032**	776,287
In the second year	**378,864**	442,416
In the third year	**240,774**	278,506
In the fourth year	**160,641**	181,918
In the fifth year	**110,420**	123,743
After five years	**151,483**	202,405
	1,750,214	2,005,275

The above minimum lease arrangements represent only the basic rents and do not include contingent rents receivable from tenants under certain lease contracts, which stipulate monthly lease payments should be calculated in accordance with certain ratios based on tenants' monthly gross sales or gross profit.

37. CAPITAL COMMITMENTS

	2022 **RMB'000**	2021 RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	**43,584**	24,205
Other commitments in respect of construction of properties under development for sale (Note)	**1,411,761**	1,477,722

Note: As at 31 December 2022, included in the balance was RMB27,433,000 (2021: RMB29,435,000) capital expenditure contracted for with fellow subsidiaries of the Group.

38. PLEDGE OF ASSETS

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

	2022	2021
	RMB'000	RMB'000
Equity instruments at FVTOCI	**56,497**	40,791
Financial assets at FVTPL	**100,270**	–
Pledged bank balances	**67,800**	26,121
Cash and cash equivalents	**307,168**	195,212
	531,735	262,124

39. FINANCIAL GUARANTEE

	2022	2021
	RMB'000	RMB'000
Financial guarantee in respect of mortgage loan facilities for certain purchasers	**106,988**	134,048

The Group cooperates with certain financial institutions which arrange mortgage loan facilities for its property purchasers and provides guarantees to secure repayment obligations of such purchasers. Such guarantees will be released by banks upon the issuance of the real estate ownership certificate to the purchasers or upon the full repayment of mortgaged loans by the property purchasers, whichever is the earlier. In the opinion of the Directors, the fair value of the financial guarantee contracts is insignificant.

40. RETIREMENT BENEFITS SCHEMES

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

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

40. RETIREMENT BENEFITS SCHEMES *(Continued)*

The total expense recognised in profit or loss of RMB32,652,000 (2021: RMB33,655,000) represents contributions payable to these schemes by the Group at rates specified in the relevant rules of the schemes. As at the end of the reporting period, there was no outstanding contributions payable to the schemes.

41. RELATED PARTY TRANSACTIONS

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

a) Transactions:

Relationship with related companies	Nature of transactions	2022 RMB'000	2021 RMB'000
Fellow subsidiaries	Property rentals paid	**346,772**	354,867
	Property management fee paid	**123,001**	126,787
	Decoration service fee paid	**20,054**	85,099
	Carpark management service fee paid	**6,354**	6,433
	Project management fee paid	**5,166**	–
	Management fee received	**28,695**	32,600
	Carpark rental income received	**15,715**	12,447
	Sales of retail merchandise	**16,943**	–

b) Compensation of key management personnel:

The emoluments of Directors and other members of key management, which is determined by the remuneration committee having regard to the performance of individuals and market trends, during the year was as follows:

	2022 RMB'000	2021 RMB'000
Salaries and other benefits	**4,529**	8,859
Retirement benefits schemes contributions	**428**	780
	4,957	9,639

42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank loans RMB'000	Senior notes RMB'000	Dividends payable RMB'000	Lease liabilities RMB'000	Total RMB'000
As at 1 January 2021	3,786,586	2,472,547	–	578,613	6,837,746
Financing cash flows	(51,090)	(112,290)	(772,725)	(14,341)	(950,446)
Non-cash changes:					
Foreign exchange translation	(97,480)	(57,405)	–	–	(154,885)
Finance costs recognised	139,690	116,799	–	6,756	263,245
Dividend declared	–	–	772,725	–	772,725
New leases entered	–	–	–	10,969	10,969
Early termination of leases	–	–	–	(31,798)	(31,798)
Covid-19-related rent concessions	–	–	–	(57)	(57)
At 31 December 2021	**3,777,706**	**2,419,651**	**–**	**550,142**	**6,747,499**
Financing cash flows	**(136,815)**	**(121,295)**	**–**	**(13,801)**	**(271,911)**
Non-cash changes:					
Foreign exchange translation	**353,855**	**227,066**	**–**	**–**	**580,921**
Finance costs recognised	**232,270**	**123,974**	**–**	**8,004**	**364,248**
New leases entered	**–**	**–**	**–**	**549**	**549**
Early termination of leases	**–**	**–**	**–**	**(3,655)**	**(3,655)**
Covid-19-related rent concessions	**–**	**–**	**–**	**(3,639)**	**(3,639)**
At 31 December 2022	**4,227,016**	**2,649,396**	**–**	**537,600**	**7,414,012**

43. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net cash (2021: net cash), which includes lease liabilities, bank loans and senior notes disclosed in notes 30, 32 and 33 respectively, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

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

44. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2022	2021
	RMB'000	RMB'000
Financial assets		
Financial assets at amortised cost	**9,177,301**	8,185,828
Financial assets at FVTPL	**399,490**	295,440
Equity instruments at FVTOCI	**63,566**	55,557
	9,640,357	8,536,825
Financial liabilities		
Amortised cost	**(13,708,276)**	(13,600,898)

Financial risk management objectives and polices

The Group's major financial instruments include equity investments, fund investments, trade and other receivables, restricted/pledged bank balances, cash and cash equivalents, amounts due from fellow subsidiaries, amounts due to fellow subsidiaries, trade and other payables, lease liabilities, prepayments from customers, bank loans and senior notes. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk, liquidity risk and risks arising from the interest rate benchmark reform. The policies on how to mitigate these risks are set out below. The Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

44. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and polices *(Continued)*

Market risk

Currency risk

Certain of the Group's cash and cash equivalents, restricted/pledged bank balances, equity instruments at FVTOCI, bank loans, senior notes and interest payables are denominated in USD or HK$ which expose the Group to foreign currency risk attributable to the fluctuations in the exchange rates of USD/HK$ against RMB, the functional currency of the respective group entities.

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

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

	Liabilities		Assets	
	2022	2021	**2022**	2021
	RMB'000	RMB'000	**RMB'000**	RMB'000
USD	**5,606,562**	5,061,671	**422,999**	190,977
HK$	**1,269,850**	1,135,686	**226,134**	110,158

The following table details the Group's sensitivity to a 5% (2021: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% (2021: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents Management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2021: 5%) change in foreign currency rates. A positive number below indicates an increase in post-tax profit and other equity where RMB strengthen 5% (2021: 5%) against the relevant currency. For a 5% (2021: 5%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit and other equity and the balances below would be negative.

	USD Impact		HK$ Impact	
	2022	2021	**2022**	2021
	RMB'000	RMB'000	**RMB'000**	RMB'000
Post-tax profit	**259,178**	243,535	**55,011**	53,316
Other comprehensive income	**–**	–	**(2,825)**	(2,040)

44. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and polices *(Continued)*

Market risk *(Continued)*

Currency risk (Continued)

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

Interest rate risk

(i) Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk for its interest bearing financial liabilities and certain of its financial assets, including bank loans, restricted/pledged bank balances and variable-rate bank balances, which carry interests at prevailing market rates.

No interest rate swap arrangement has been entered into by the Group during both years.

(ii) Fair value interest rate risk

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

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

The sensitivity analysis below has been determined based on the Group's exposure to variable-rate bank balances and bank loans outstanding at the end of the reporting period. The analysis is prepared assuming the variable-rate bank balances and bank loans outstanding at the end of the reporting period were outstanding for the whole year. A 25 basis points (2021: 25 basis points) increase or decrease is the sensitivity rate used for variable-rate bank balances while 50 basis points (2021: 50 basis points) increase or decrease is used for bank loans when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 and 50 basis points (2021: 25 and 50 basis points) higher/lower on variable-rate bank balances and bank loans, respectively, and all other variables were held constant, the Group's post-tax profit ended 31 December 2022 would decrease/increase by RMB8,810,000 (2021: decrease/increase by RMB4,994,000).

44. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and polices *(Continued)*

Market risk *(Continued)*

Other price risk

Equity price risk

The Group is exposed to equity price risk through its investments in equity securities measured at FVTPL and FVTOCI. The Management manages this exposure by maintaining a portfolio of investments with different risks.

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date. For sensitivity analysis of equity securities with fair value measurement categorised within Level 1, the sensitivity rates are 15% and 30% (2021: 15% and 30%) respectively in the current year as a result of the volatile financial market.

- If the prices of the respective equity instruments had been 15% (2021: 15%) higher/lower, the post-tax profit for the year ended 31 December 2022 would increase/decrease by RMB25,025,000 (2021: RMB10,229,000) as a result of the changes in fair value of investments at FVTPL, and the investment revaluation reserve would increase/decrease by RMB9,270,000 (2021: RMB7,780,000) as a result of the changes in fair value of investments at FVTOCI.

- If the prices of the respective equity instruments had been 30% (2021: 30%) higher/lower, the post-tax profit for the year ended 31 December 2022 would increase/decrease by RMB50,050,000 (2021: RMB20,458,000) as a result of the changes in fair value of investments at FVTPL, and the investment revaluation reserve would increase/decrease by RMB18,540,000 (2021: RMB15,560,000) as a result of the changes in fair value of investments at FVTOCI.

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

Credit risk and impairment assessment

As at 31 December 2022, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties in relation to each class of recognised financial assets is the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Except for short-term loans and financial guarantee, the Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

44. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and polices *(Continued)*

Credit risk and impairment assessment *(Continued)*

For trade receivables, the ECL on trade receivables are assessed individually for debtors with significant balances, based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forward-looking information that is available without undue cost or effort at the end of the reporting period.

The Group has concentration of credit risk as 91.3% (2021: 95.3%) of the total trade receivables were due from third-party payment financial institutions, like union pay, alipay and wechat pay as at 31 December 2022. The Group's remaining trade receivables were mainly receivables from corporate customers and individuals which contributed less than 10% of the total trade receivables. In the opinion of the Management, the Group has no significant credit risk for the receivables from third-party payment financial institutions.

For loans to third parties, the Management estimates the estimated loss rates of loans to third parties based on historical credit loss experience of the debtors as well as the fair value of the collateral pledged by the counterparties to the loans. As at 31 December 2022, included in the Group's loans to third parties was a receivable with carrying amount of RMB132,805,000 which was over 90 days past due. Based on assessment by the Management, the loss given default is low in view of the estimated realised amount of ultimate disposal of the collaterals and the Management considers the ECL for loan receivables is insignificant and therefore no loss allowance was recognised.

For other receivables, the Management makes periodic collective as well as individual assessment on the recoverability of these financial assets based on historical settlement records and past experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forward-looking information that is available without undue cost or effort at the end of the reporting period. For the year ended 31 December 2022 and 2021, the Group assessed the ECL for other receivables are insignificant and thus no loss allowance is recognised.

In order to minimise the credit risk with corporate customers, the Management has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade receivables. The Management believes that the Group's credit risk in trade receivables is significantly reduced, and ECL is insignificant.

The credit risk on amounts due from fellow subsidiaries is minimal as such related parties have sufficient capital to settle the debts, thus no impairment loss allowance was recognised.

44. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and polices *(Continued)*

Credit risk and impairment assessment *(Continued)*

The credit risk on restricted/pledged bank balances and bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies, thus the risk of default is regard as low.

The Group typically provides guarantees to financial institutions for an amount up to 70% of the property purchase price for purchasers' mortgage loan financings. If a purchaser defaults on its mortgage loan repayment during the guarantee period, the financial institution may demand the Group to repay the outstanding loan balance and any interests accrued thereon on behalf of the property purchaser under the guarantee deed. Under such circumstances, the Group will forfeit the deposit placed by the property purchaser with the Group and re-sell the property to recover any outstanding loan balance and any interests accrued thereon. In this regard, the Management consider that the Group's credit risk is significantly reduced. No credit limits were exceeded during the year, and the Management does not expect any significant losses from non-performance by these counterparties.

Except for loan to a third party with carrying amount of RMB132,805,000 being classified as credit-impaired, the remaining financial assets of the Group measured at amortised cost are provided impairment based on 12m ECL.

Liquidity risk

In management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequately by the Management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Management monitors the utilisation of banking facilities and ensures compliance with relevant loan covenants, if any. The Group relies primarily on cash flows generated from its operating activities as a primary source of liquidity, and bank loans and senior notes as additional sources of liquidity. As at 31 December 2022, the Group has available unutilised banking facilities of RMB16,000 million (2021: RMB16,000 million).

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

44. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and polices *(Continued)*

Liquidity risk *(Continued)*

Liquidity and interest risk table

	Weighted average effective interest rate %	Within 1 year RMB'000	1-5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2022						
Non-derivative financial liabilities:						
Trade and other payables	**–**	**3,103,275**	**–**	**–**	**3,103,275**	**3,103,275**
Amounts due to fellow subsidiaries	**–**	**135,206**	**–**	**–**	**135,206**	**135,206**
Lease liabilities	**3.5-5.8**	**28,612**	**158,820**	**530,710**	**718,142**	**537,600**
Prepayments from customers	**–**	**3,608,112**	**–**	**–**	**3,608,112**	**3,608,112**
Bank loans	**7.0**	**281,203**	**4,322,767**	**–**	**4,603,970**	**4,227,016**
Senior notes	**4.6**	**2,697,928**	**–**	**–**	**2,697,928**	**2,634,667**
Financial guarantee in respect of mortgage loan facilities for certain purchasers	**–**	**106,988**	**–**	**–**	**106,988**	**106,988**
		9,961,324	**4,481,587**	**530,710**	**14,973,621**	**14,352,864**
At 31 December 2021						
Non-derivative financial liabilities:						
Trade and other payables	–	3,866,148	–	–	3,866,148	3,866,148
Amounts due to fellow subsidiaries	–	167,726	–	–	167,726	167,726
Lease liabilities	3.5-5.8	31,930	165,020	541,859	738,809	550,142
Prepayments from customers	–	3,383,151	–	–	3,383,151	3,383,151
Bank loans	3.6	103,918	3,985,623	–	4,089,541	3,777,706
Senior notes	4.6	98,127	2,469,008	–	2,567,135	2,406,167
Financial guarantee in respect of mortgage loan facilities for certain purchasers	–	134,048	–	–	134,048	134,048
		7,785,048	6,619,651	541,859	14,946,558	14,285,088

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

44. FINANCIAL INSTRUMENTS *(Continued)*

Interest rate benchmark reform

The syndicate loan set out in note 32 is the only financial instrument of the Group that bears interest at LIBOR and HIBOR, which will be subject to the LIBOR interest rate benchmark reform. Subsequent to the end of the reporting period, the Group has reached a consensus and obtained consent from its syndicate loan lenders to replace LIBOR by CME Term SOFR Reference Rate after the cessation of LIBOR interest rate on 30 June 2023 in accordance with the terms of the syndicate loan agreement. The amendment of the relevant syndication loan agreement is in progress and is expected to be completed before 30 June 2023. The application of the HIBOR interest rate on the Group's syndicated loan will not be affect by the interest rate benchmark reform.

The following is the key risk for the Group arising from the transition:

Progress towards implementation of alternative benchmark interest rates

As part of the Group's risk management for transition, new contracts entered into by the Group are linked to interest rates which are not subject to reform to the extent feasible. Otherwise, the Group ensured the relevant contracts include detailed fallback clauses clearly referencing the alternative benchmark rate and the specific triggering event on which the clause is activated.

The following table shows the total amounts of outstanding contract and the progress in completing the transition to alternative benchmark rate. The amounts of financial liabilities are shown at their carrying amounts.

Financial instrument prior to transition	**Carrying amount as at 31 December**		**Maturing in**	**Hedge accounting**	**Transition progress for financial instrument**
	2022 RMB'000	2021 RMB'000			
Non-derivative financial liability					
Syndicated loan linked to 3-month USD LIBOR	**2,957,166**	2,642,020	2024	N/A	Expected to transit latest by H1 2023.

44. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements of financial instruments

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

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

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

Financial assets	Fair value as at 31 December		Fair value hierarchy	Valuation technique(s) and key input(s)
	2022 **RMB'000**	2021 RMB'000		
Listed equity securities at FVTOCI	**63,566**	55,557	Level 1	Quoted bid prices in active markets
Listed equity securities at FVTPL	**189,017**	90,927	Level 1	Quoted bid prices in active markets
Unquoted fund investment at FVTPL	**210,473**	204,513	Level 3	Based on net asset value of the corresponding funds

There were no transfers in or out of fair value hierarchy Level 1 during both years.

The Group's unquoted fund investment was measured at fair value at each reporting date using a valuation technique with significant unobservable inputs due to no recent quoted price for reference, and hence was classified as Level 3 of the fair value hierarchy.

44. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements of financial instruments *(Continued)*

(ii) Reconciliation of Level 3 fair value measurements

The following table represents the reconciliation of Level 3 measurements for the Group's unquoted fund investment at FVTPL:

	RMB'000
At 1 January 2021	231,960
Net fair value change	(27,447)
At 31 December 2021	204,513
Net fair value change	5,960
At 31 December 2022	210,473

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

At the end of the reporting period, the Directors consider that the carrying amounts of financial assets and financial liabilities which are carried at amortised cost in the consolidated financial statements approximate their fair values.

45. PARTICULARS OF SUBSIDIARIES

Name of subsidiary	Place/country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/ registered capital held by the Company		Principal activities
			2022	2021	
Goldjoint Group Limited (Note 1)	British Virgin Islands	Share capital – USD1	**100%**	100%	Investment holding
Eagle Ride Ventures Limited (鷹威企業有限公司)	British Virgin Islands	Share capital – USD300	**100%**	100%	Investment holding
Golden Eagle International Trading Limited (金鷹國際貿易有限公司)	Hong Kong	Share capital – HK$10,000	**100%**	100%	Investment holding
Golden Ning (Hong Kong) Limited (金寧(香港)有限公司)	Hong Kong	Share capital – HK$100	**100%**	100%	Investment holding
Jin Heng Sheng (HK) Jewelry Co. Limited (香港金恒升珠寶有限公司)	Hong Kong	Share capital – HK$94	**100%**	100%	Investment holding
iPoints Reward (HK) Company Limited (愛積分(香港)有限公司)	Hong Kong	Share capital – HK$1	**100%**	100%	On-line trading
Golden Eagle Retail Management Limited (金鷹商貿管理有限公司)	Hong Kong	Share capital – HK$1	**100%**	100%	Investment holding
金鷹國際商貿集團(中國)有限公司 (Golden Eagle International Retail Group (China) Co., Ltd.) ("Nanjing Golden Eagle") (Note 2)	PRC	Registered capital – RMB1,137,000,000	**100%**	100%	Investment holding and operation of lifestyle centre
揚州金鷹國際實業有限公司 (Yangzhou Golden Eagle International Industry Co., Ltd.)	PRC	Registered capital – RMB40,000,000	**100%**	100%	Investment holding and operation of department store
徐州金鷹國際實業有限公司 (Xuzhou Golden Eagle International Industry Co., Ltd.)	PRC	Registered capital – RMB60,000,000	**100%**	100%	Operation of lifestyle centre

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45. PARTICULARS OF SUBSIDIARIES *(Continued)*

Name of subsidiary	Place/country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/ registered capital held by the Company		Principal activities
			2022	2021	
西安金鷹國際購物中心有限公司 (Xi'an Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB180,100,000	**100%**	100%	Investment holding and operation of department store
泰州金鷹商貿有限公司 (Taizhou Golden Eagle Retail Co., Ltd.)	PRC	Registered capital – RMB40,000,000	100%	100%	Operation of department store
昆明金鷹購物廣場有限公司 (Kunming Golden Eagle Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB930,000,000	**100%**	100%	Operation of lifestyle centre
南京金鷹珠江路購物中心有限公司 (Nanjing Golden Eagle Zhujiang Road Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB20,000,000	**100%**	100%	Operation of department store
淮安金鷹國際購物中心有限公司 (Huai'an Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB100,000,000	**100%**	100%	Operation of department store
鹽城金鷹國際購物中心有限公司 (Yancheng Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB240,000,000	**100%**	100%	Operation of lifestyle centre
上海金鷹國際購物廣場有限公司 (Shanghai Golden Eagle International Shopping Plaza Co., Ltd.)	PRC	Registered capital – RMB40,000,000	**100%**	100%	Operation of department store
南京金鷹商貿特惠中心有限公司 (Nanjing Golden Eagle Retail Outlet Co., Ltd.)	PRC	Registered capital – RMB10,000,000	**100%**	100%	Operation of department store
南京仙林金鷹購物中心有限公司 (Nanjing Xianlin Golden Eagle Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB300,000,000	**100%**	100%	Operation of lifestyle centre

45. PARTICULARS OF SUBSIDIARIES *(Continued)*

Name of subsidiary	Place/country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/ registered capital held by the Company		Principal activities
			2022	2021	
連雲港金鷹國際購物中心有限公司 (Lianyungang Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB100,000,000	**100%**	100%	Operation of supermarket
昆山金鷹國際購物中心有限公司 (Kunshan Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB100,000,000	**100%**	100%	Operation of lifestyle centre
南京金鷹國際貿易有限公司 (Nanjing Golden Eagle Industry Co., Ltd.)	PRC	Registered capital – RMB10,000,000	**100%**	100%	Investment holding and trading
宿遷金鷹國際購物中心有限公司 (Suqian Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB100,000,000	**100%**	100%	Operation of department store
南京建鄴金鷹購物中心有限公司 (Nanjing Jianye Golden Eagle Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB100,000,000	**100%**	100%	Operation of lifestyle centre
淮北金鷹國際購物中心有限公司 (Huaibei Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB30,000,000	**100%**	100%	Operation of department store
溧陽金鷹國際購物中心有限公司 (Liyang Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB272,000,000	**100%**	100%	Operation of department store
徐州金鷹人民廣場購物中心有限公司 (Xuzhou Golden Eagle People Square Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB40,000,000	**100%**	100%	Operation of department store
雲南尚美投資管理有限公司 (Yunnan Shangmei Investment Management Co., Ltd.)	PRC	Registered capital – RMB156,000,000	**100%**	100%	Property holding

45. PARTICULARS OF SUBSIDIARIES *(Continued)*

Name of subsidiary	Place/country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/ registered capital held by the Company		Principal activities
			2022	2021	
南京江寧金鷹購物中心有限公司 (Nanjing Jiangning Golden Eagle Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB280,000,000	**100%**	100%	Operation of lifestyle centre
蘇州高新金鷹商業廣場有限公司 (Suzhou Gaoxin Golden Eagle Commercial Plaza Co., Ltd.)	PRC	Registered capital – RMB641,430,000	**100%**	100%	Operation of lifestyle centre
南京金鷹購電子商務有限公司 (Nanjing iPoints Business Management Co., Ltd.)	PRC	Registered capital – RMB23,000,000	**100%**	100%	On-line trading
丹陽金鷹國際購物中心有限公司 (Danyang Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – USD20,000,000	**100%**	100%	Operation of lifestyle centre
鹽城金鷹聚龍湖購物中心有限公司 (Yancheng Golden Eagle Julonghu Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB100,000,000	**100%**	100%	Operation of lifestyle centre
南通金鷹圓融購物中心有限公司 (Nantong Golden Eagle Yuanrong Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB220,000,000	**100%**	100%	Operation of lifestyle centre
常州創達資產經營有限公司 (Changzhou Chuangda Assets Management Co., Ltd.)	PRC	Registered capital – RMB80,000,000	**100%**	100%	Property holding
金鷹國際海洋世界(常州)有限公司 (Golden Eagle International Ocean World (Changzhou) Co., Ltd.) ("Changzhou Ocean World") (Note 2)	PRC	Registered capital – USD6,500,000	**100%**	100%	Operation of aquarium
金鷹國際海洋世界(南京)管理有限公司 (Golden Eagle International Ocean World (Nanjing) Management Co., Ltd.) ("Nanjing Ocean World") (Note 2)	PRC	Registered capital – RMB62,000,000	**100%**	100%	Investment holding

45. PARTICULARS OF SUBSIDIARIES *(Continued)*

Name of subsidiary	Place/country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/ registered capital held by the Company 2022	2021	Principal activities
馬鞍山金鷹國際購物中心有限公司 (Ma'anshan Golden Eagle International Shopping Centre Co., Ltd.)	PRC	Registered capital – RMB100,000,000	**100%**	100%	Operation of lifestyle centre
南通金鷹國際房地產開發有限公司 (Nantong Golden Eagle Real Estate Development Co., Ltd.)	PRC	Registered capital – RMB20,000,000	**100%**	100%	Operation of department store
南通金鷹國際實業有限公司 (Nantong Golden Eagle Enterprises Co., Ltd.)	PRC	Registered capital – RMB20,000,000	**100%**	100%	Property investment
蕪湖金鷹國際實業有限公司 (Wuhu Golden Eagle Enterprises Co., Ltd.)	PRC	Registered capital – RMB253,599,156	**100%**	100%	Investment holding, property development and investment, hotel operation and operation of department store
蕪湖金鷹濱江世紀發展有限公司 (Wuhu Golden Eagle Riverside Century Development Co., Ltd.)	PRC	Registered capital – RMB550,000,000	**100%**	100%	Property development and investment and operation of department store
南京金鷹教育產業投資有限公司 (Nanjing Golden Eagle Education Investment Co., Ltd.)	PRC	Registered capital – RMB90,000,000	**100%**	100%	Education investment
揚州金鷹新城市中心開發有限公司 (Yangzhou Golden Eagle New City Centre Development Co., Ltd.)	PRC	Registered capital – RMB400,000,000	**100%**	100%	Property development and investment
南京金鷹便利超市管理有限公司 (Nanjing Golden Eagle Convenience Store and Supermarket Management Co., Ltd.)	PRC	Registered capital – RMB30,000,000	**100%**	100%	Operation of supermarket

45. PARTICULARS OF SUBSIDIARIES *(Continued)*

Name of subsidiary	Place/country of incorporation/ establishment and operations	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/ registered capital held by the Company		Principal activities
			2022	2021	
吉林金鷹正業置業股份有限公司 (Jilin Golden Eagle Property Holdings Co., Ltd.)	PRC	Registered capital – RMB200,000,000	**51%**	51%	Property development and investment
南京美悦雅集化妝品有限公司 (Nanjing Beauty Collections Cosmetics Co., Ltd.)	PRC	Registered capital – RMB10,000,000	**60%**	60%	Trading of cosmetic products
南京金鷹商貿投資控股集團有限公司 (Nanjing Golden Eagle Retail Holdings Group Co., Ltd.) ("Nanjing Golden Eagle Retail") (Note 2)	PRC	Registered capital – RMB100,000,000	**100%**	100%	Investment holding
南京金鷹商業運營集團有限公司 (Nanjing Golden Eagle Commercial Operation Co., Ltd.)	PRC	Registered capital – RMB80,000,000	**100%**	100%	Investment holding
南京金信通信息服務有限公司 (Nanjing Golden Eagle Information Service Co., Ltd.)	PRC	Registered capital – RMB50,000,000	**100%**	100%	Communication and information service
徐州金鷹文化發展有限公司 (Xuzhou Golden Eagle Culture Development Co., Ltd.)	PRC	Registered capital – RMB40,000,000	**100%**	100%	Property development and investment
揚州金鷹新城市商業運營有限公司 (Yangzhou Golden Eagle New City Commercial Operation Co., Ltd.)	PRC	Registered capital – RMB50,000,000	**100%**	–	Operation of lifestyle centre

Notes:

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

2. All of the PRC subsidiaries are companies registered as limited liability companies under the PRC law, except for Nanjing Golden Eagle, Changzhou Ocean World, Nanjing Ocean World and Nanjing Golden Eagle Retail which are registered as a wholly-foreign owned enterprise with limited liability under the PRC law.

45. PARTICULARS OF SUBSIDIARIES *(Continued)*

Notes: *(Continued)*

3. The Directors are of the opinion that a complete list of the particulars of all subsidiaries will be of excessive length and therefore the above list contains only the particulars of subsidiaries at 31 December 2022 and 2021 which materially affected the results or assets and liabilities of the Group.

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

46. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

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

	2022 **RMB'000**	2021 RMB'000
Assets		
Equipment	**6**	10
Equity instruments at FVTOCI	**831**	764
Interests in and amounts due from unlisted subsidiaries	**3,169,197**	3,370,362
Other receivables	**5**	4
Amounts due from fellow subsidiaries	**994**	849
Cash and cash equivalents	**1,939**	2,903
	3,172,972	3,374,892
Liabilities		
Other payables	**17,566**	16,102
Senior notes	**2,634,667**	2,406,167
	2,652,233	2,422,269
Net assets	**520,739**	952,623
Capital and reserves		
Share capital (see note 34)	**175,146**	175,146
Reserves	**345,593**	777,477
Total equity	**520,739**	952,623

46. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(Continued)*

Movement in reserves

	Capital redemption reserve RMB'000	Investment revaluation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2021	29,378	(6,433)	723,569	746,514
Profit for the year	–	–	804,070	804,070
Fair value loss on investments in equity investments at FVTOCI	–	(382)	–	(382)
Total comprehensive (expense) income for the year	–	(382)	804,070	803,688
Dividends recognised as distribution (note 13)	–	–	(772,725)	(772,725)
At 31 December 2021	**29,378**	**(6,815)**	**754,914**	**777,477**
Loss for the year	**–**	**–**	**(431,951)**	**(431,951)**
Fair value gain on investments in equity investments at FVTOCI	**–**	**67**	**–**	**67**
Total comprehensive income (expense) for the year	**–**	**67**	**(431,951)**	**(431,884)**
At 31 December 2022	**29,378**	**(6,748)**	**322,963**	**345,593**