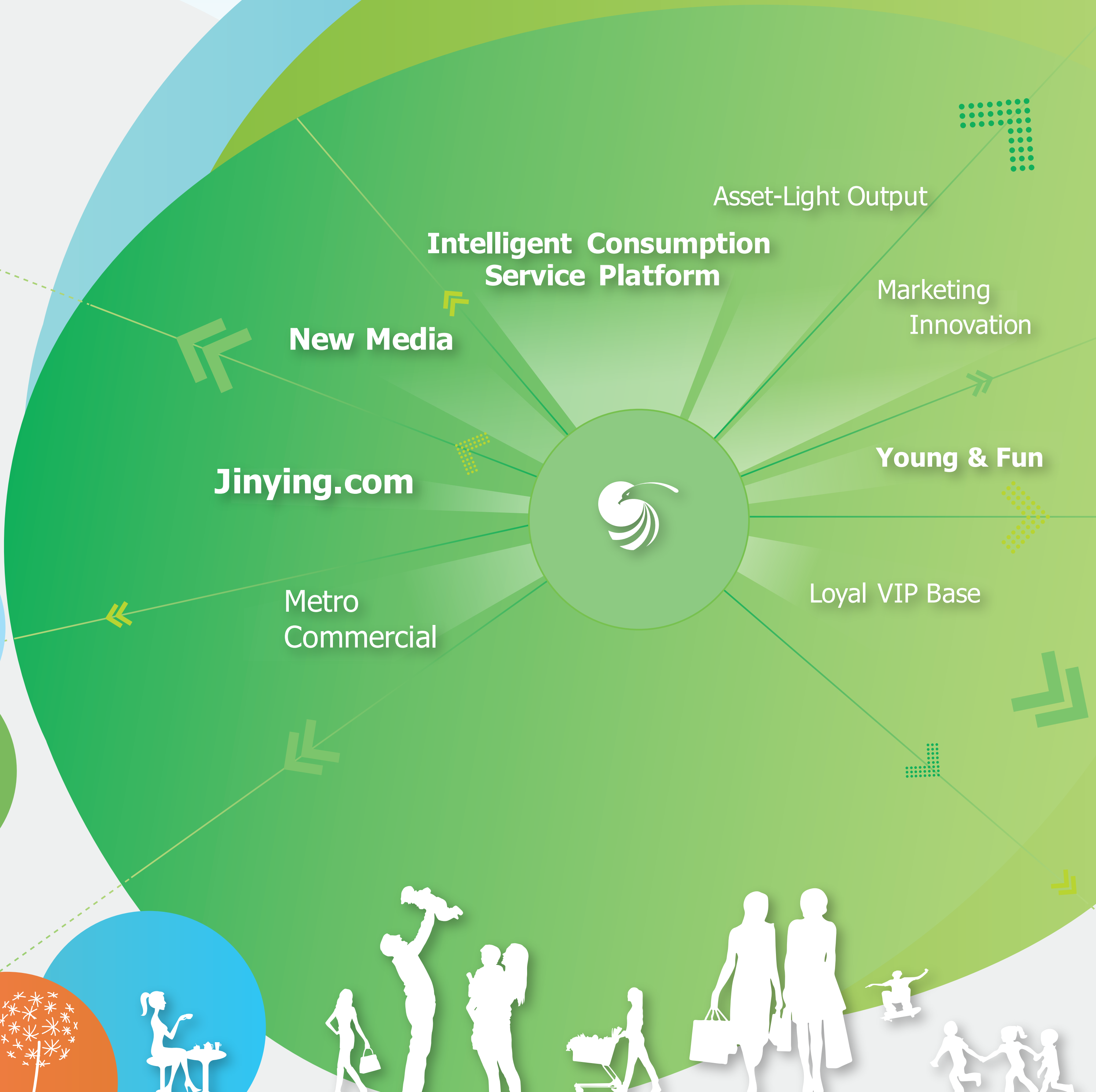
金鷹商貿集團有限公司
GOLDEN EAGLE RETAIL GROUP LIMITED

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

2020 中期報告 Interim Report



Spirit of Enterprise

Credible and Committed

Optimistic and Progressive

Dedicated and United

Diligent and Devoted

Contents

Corporate Profile

BUILDING NATIONWIDE RETAIL CHAIN NETWORK WITH YANGTZE RIVER DELTA AS CORE

Since the opening of its first store, Nanjing Xinjiekou Store, and after 24 years of dedicated operation, the Group has successfully opened 31 stores in the People's Republic of China ("PRC") with a total gross floor area of 2,502,937 square metres and a total operating area of 1,703,697 square metres as at 30 June 2020. These stores are located in 17 cities, including 16 cities in four provinces being Jiangsu, Anhui, Shaanxi, and Yunnan, and the municipality of Shanghai. The 16 cities are 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 term and have substantial potential for business growth. Meanwhile, the Group will progressively establish a nationwide retail chain network, with Yangtze River Delta as core, by actively exploring opportunities in those first- and second-tier cities as well as tapping into third-tier cities' immense potential for growth.

CONTINUING TO ENHANCE ORGANIC GROWTH AND DEVELOPING COMPREHENSIVE LIFESTYLE CENTRES

Tapping 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 upgrade, the Group is developing itself into a professional operator which provides high-quality and comprehensive experiences. The Group prioritises the development of certain types of high-growth and high-gross margin retail businesses and product categories that enhance customers' shopping experience and interaction with stores. Therefore, the Group expands its retail business about lifestyle and amenities that are related to children's development, maternity and baby care products, healthcare, household goods and cultural and creative activities in order to build comprehensive lifestyle centres that meet the needs for shopping, leisure and family gatherings. As at 30 June 2020, the Group operated 16 comprehensive lifestyle centres with a total gross floor area of 1,983,541 square metres. The section on lifestyle and amenities occupies 30.7% of the Group's total operating area. Following the launch of the Group's new flagship store, Nanjing Hexi Golden Eagle World store as the latest generation of comprehensive lifestyle centre, the Group is solidifying its core competitiveness through improving its quality of services and enriching consumer experience with diverse content.

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

The Group will secure more core resources such as new content, new channels and new VIP members to foster its capabilities for its business with an asset-light business model and for providing service to meet the needs for long-term development. By pressing on with its dual development strategy of self-operated stores and asset-light management output, the Group is committed to maintaining its flexibility for its sustainable development in a rapidly changing and highly competitive operating environment: (i) New content. The Group will continue to invest and develop new types of business content to align itself with the trend of consumption upgrade. The new types of business content will be profitable and have a rate of conversion and customers stickiness. The content of such businesses will also be innovated consistently and replicable; (ii) New channels. The Group will be able to develop new channels because of the new content. It will use those new channels to disseminate the new content to other businesses beyond its existing ecosystem of businesses. This can make the content and channel the driving force of each other's development and growth; (iii) New VIP members. Leveraging on the social media and new technologies, the Group will strengthen the integration and utilisation of its internal resources, and expedite collaboration with external shared platform, so as to continuously recruit more VIP members from middle-class families and young consumer group who value for personalised services.

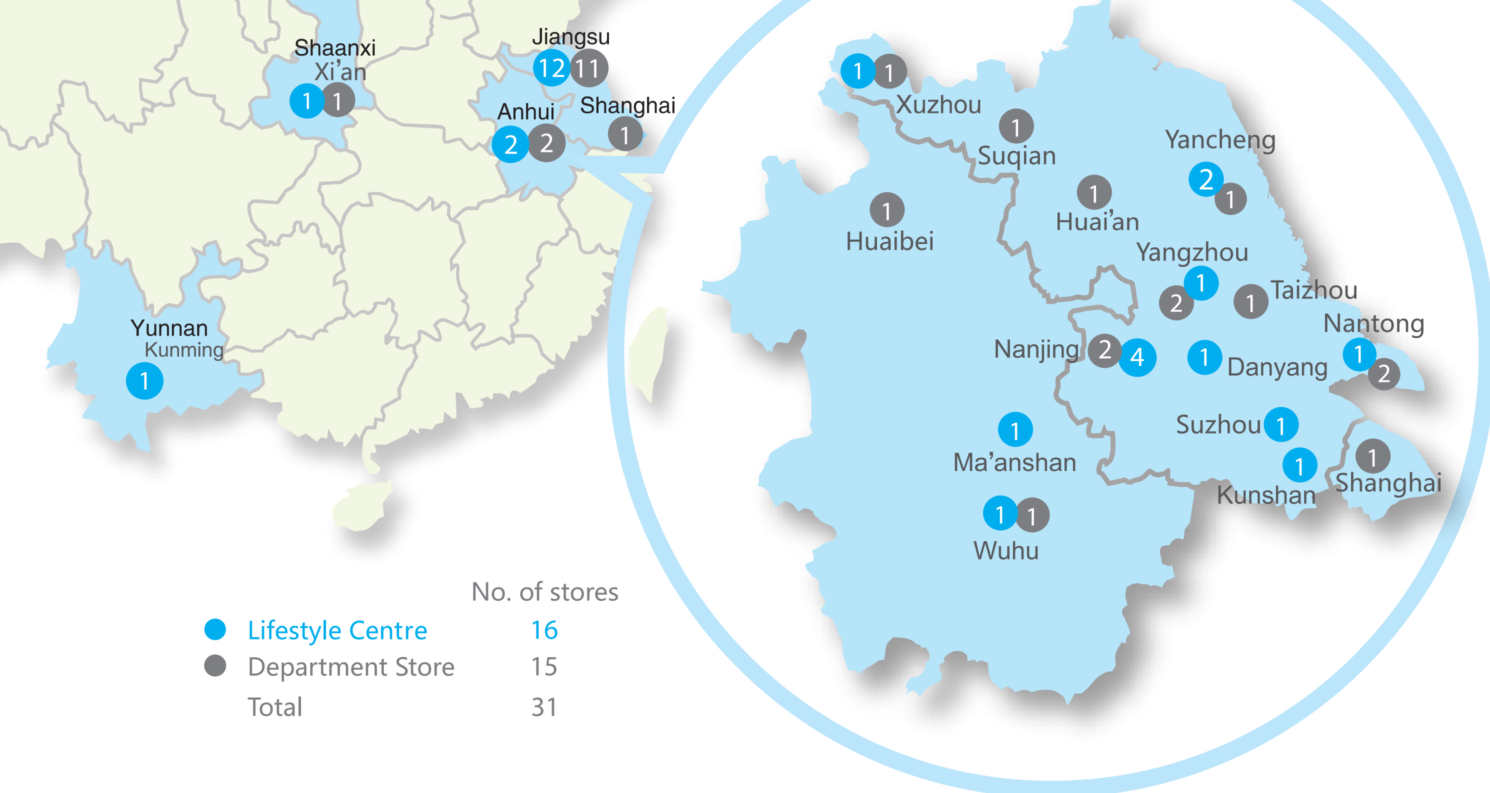
DEDICATED TO INTELLIGENT RETAIL UPGRADE TO PROVIDE VIPS WITH INNOVATIVE OMNI-CHANNEL SERVICES THAT MEET THE NEED OF CONSUMERS' DAILY LIFE AND ENHANCE THEIR SHOPPING EXPERIENCE

The Group upgraded the online shopping experiences, the attraction of the offline sales and marketing activities to provide value-added VIP services in a more precise and comprehensive manner. Through the use of mobile phone application "goodee mobile App" (掌上金鷹) (the "App"), WeChat and Weibo social network platforms and the "Electronic VIP Card", the Group integrates its Jinying.com (金鷹購) online platform with its comprehensive lifestyle centres, 7-Eleven convenience 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 conducted an online-and-offline two-way marketing. As at 30 June 2020, the App had registered over 8.0 million downloads of which 3.2 million VIP customers connected their VIP membership cards with the App, and recorded an average of 60,000 active daily users, while the number of members in WeChat and Weibo has exceeded 3.5 million. At the same time, the Group has also successfully recorded over 3.7 million loyal VIP customers. During the period under review, the aggregate spending by VIP customers accounted for 61.0% of the Group's total gross sales proceeds.

LOCALISED OPERATION STRATEGIES AND MANAGEMENT WITH INTERNATIONAL PERSPECTIVE

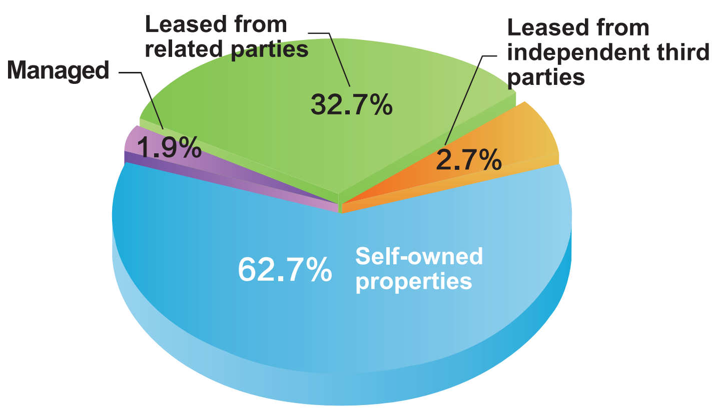
The Group appreciates the dedication and contribution of its staff and fosters their capabilities, competence and international perspective by conducting regular professional training sessions and overseas study trips for all levels of its human resources structure. The Group has also implemented localised management systems for each local market. For each of its stores, the Group recruits local talents to form a management team with local expertise that the Group can utilise on the respective markets. As at 30 June 2020, the Group had approximately 2,780 employees.

Golden Eagle In China



Self-owned properties situated at prime shopping locations accounted for 62.7%* of total gross floor area

	Gross Floor Area (square metres)			
	Store in operation	Self-owned	Leased	Sub-total
1	Nanjing Xinjiekou Store #	83,896	29,242	113,138
2	Nantong Store	9,297		9,297
3	Yangzhou Store	37,562	3,450^	41,012
4	Xuzhou Store #	110,974		110,974
5	Xi'an Gaoxin Store	32,878		32,878
6	Taizhou Store	58,374		58,374
7	Kunming Store #	116,817		116,817
8	Nanjing Zhujiang Road Store		33,578	33,578
9	Huai'an Store	55,768		55,768
10	Yancheng Store #	88,165		88,165
11	Yangzhou Jinghua Store		29,598^	29,598
12	Shanghai Store		29,651	29,651
13	Nanjing Hanzhong Store		12,462	12,462
14	Nanjing Hubin Tiandi Store #	168,900	47,494	216,394
15	Anhui Huaibei Store		34,714^	34,714
16	Suqian Store	65,410		65,410
17	Xuzhou People's Square Store	37,457		37,457
18	Yancheng Outlet Store		18,377	18,377
19	Yancheng Julonghu Store #		110,848	110,848
20	Nantong Lifestyle Store #	94,700		94,700
21	Danyang Store #		52,976	52,976
22	Kunshan Store #	118,500		118,500
23	Nanjing Jiangning Store #		144,710	144,710
24	Anhui Ma'anshan Store #		87,568	87,568
25	Nantong Renmin Road Store	30,191		30,191
26	Anhui Wuhu Store	30,629		30,629
27	Anhui Wuhu New City Store #	98,906		98,906
28	Xi'an Qujiang Store # @			48,502
29	Suzhou Store #	176,764		176,764
30	Golden Eagle World #		251,019	251,019
31	Yangzhou New City Center #	153,560		153,560
	Total			2,502,937&



* As a percentage of total gross floor area (square metres) as at 30 June 2020
# Positioned as lifestyle centre
@ Managed store
& Excludes Liyang Store, Jiahong and Lianyungang Supermarkets, and Changzhou and Yancheng Aquariums with total gross floor area of 96,124 square metres
^ Leased from independent third parties

Corporate Information

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Chi Keung
Mr. Lay Danny J
Mr. Lo Ching Yan

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN THE PRC

17th Floor, Block A, Golden Eagle World
No. 888 Yingtian Street, Jianye District
Nanjing, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1206, 12th Floor, Tower 2, Lippo Centre
89 Queensway
Hong Kong

WEBSITE

http://www.geretail.com

COMPANY SECRETARY

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

AUTHORISED REPRESENTATIVES

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

STOCK CODE

3308

PRINCIPAL BANKERS IN THE PRC

Agricultural Bank of China
Bank of China
Bank of Communications
Bank of Jiangsu
Bank of Nanjing
Bank of Ningbo
Bank of Shanghai
China Construction Bank
China Merchants Bank
China Minsheng Bank
Industrial and Commercial Bank of China
Industrial Bank
Shanghai Pudong Development Bank

PRINCIPAL BANKERS IN HONG KONG

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

AUDITOR

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

HONG KONG LEGAL ADVISORS

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

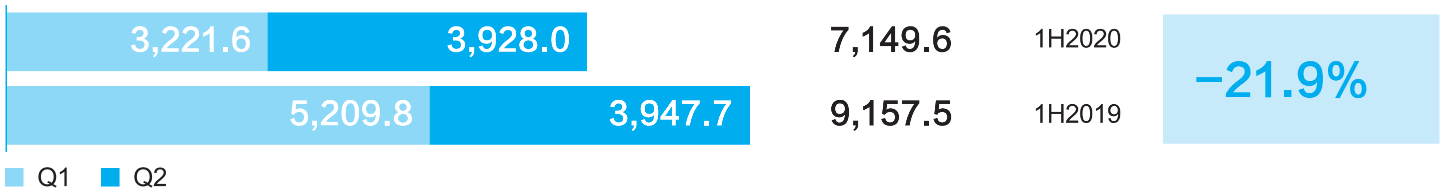
Suntera (Cayman) Limited
3rd Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman, KY1-1110
Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE (BRANCH REGISTRAR)

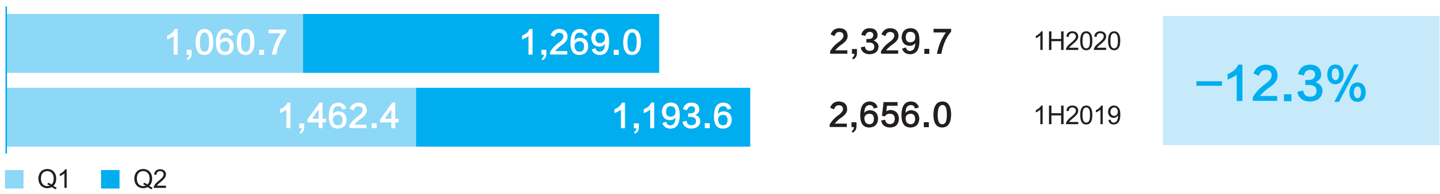
Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

Financial Highlights

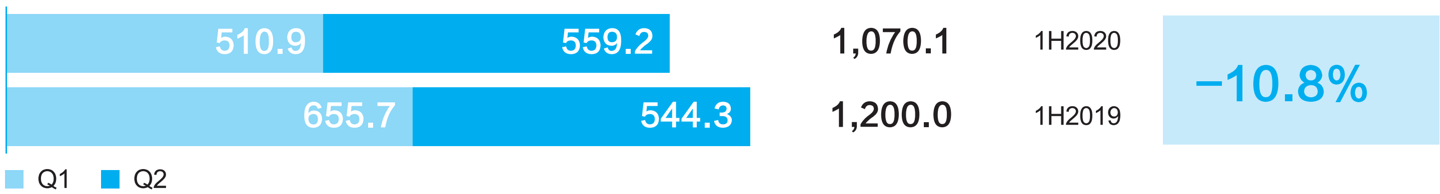
Gross Sales Proceeds (RMB Million)



Revenue from Retail Operations (RMB Million)



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



Profit Attributable to Owners of the Company (RMB Million)

Same-Store Sales [1]

−21.0%	1H2020
0.8%	1H2019

(1) Same-store sales represents change in total gross sales proceeds of retail chain stores which were in operation throughout the comparable period. Nanjing Xinjiekou Store underwent a major revamp during the second half of the year 2019 and is excluded from the same-store sales calculation.

Enriching life with styles!

Interim Results and Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2020

The board (the "Board") of directors (the "Directors") of Golden Eagle Retail Group Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2020, together with unaudited comparative figures for the corresponding period in 2019. The unaudited condensed consolidated interim results have not been audited, but have been reviewed by the auditor, Messrs. Deloitte Touche Tohmatsu, and the audit committee of the Company (the "Audit Committee").

		Six months ended 30 June	
	NOTES	**2020**	2019
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue	3	**2,502,671**	2,955,357
Other income, gains and losses	5	**229,597**	458,297
Changes in inventories of merchandise		**(1,013,723)**	(1,030,631)
Cost of properties sold		**(100,592)**	(185,267)
Employee benefits expense		**(145,823)**	(183,018)
Depreciation and amortisation of property, plant and equipment and intangible asset		**(188,432)**	(186,772)
Depreciation of right-of-use assets		**(34,724)**	(36,945)
Rental expenses		**(126,982)**	(159,457)
Other expenses		**(276,191)**	(364,906)
Share of loss of associates		**(58,670)**	(47,065)
Share of loss of joint ventures		**(1,726)**	(14)
Finance income	6	**29,606**	23,193
Finance costs	7	**(179,341)**	(216,197)
Profit before tax		**635,670**	1,026,575
Income tax expense	8	**(283,198)**	(348,327)
Profit for the period	9	**352,472**	678,248
Profit (loss) for the period attributable to:			
Owners of the Company		**358,220**	685,828
Non-controlling interests		**(5,748)**	(7,580)
		352,472	678,248
Earnings per share			
– Basic and diluted (RMB per share)	11	**0.214**	0.408

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Profit for the period	**352,472**	678,248
Other comprehensive income (expense):		
Item that may be reclassified subsequently to profit or loss:		
Share of exchange difference of associates	**1,162**	(3,093)
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	**(1,444)**	37,185
Income tax expense relating to item that will not be reclassified to profit or loss	**(1,004)**	(10,386)
	(2,448)	26,799
Other comprehensive (expense) income for the period, net of tax	**(1,286)**	23,706
Total comprehensive income for the period	**351,186**	701,954
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	**356,934**	709,534
Non-controlling interests	**(5,748)**	(7,580)
	351,186	701,954

Condensed Consolidated Statement of Financial Position

At 30 June 2020

	NOTES	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	12	**8,553,419**	8,778,133
Right-of-use assets	12	**2,131,849**	2,167,133
Investment properties	12	**2,237,928**	2,240,624
Intangible asset		**11,584**	11,917
Goodwill		**17,664**	17,664
Interests in associates		**145,027**	202,775
Interests in joint ventures		**10,423**	12,149
Other receivables	13	**54,662**	53,242
Equity instruments at fair value through other comprehensive income ("FVTOCI")	14	**114,248**	117,463
Financial assets at fair value through profit or loss ("FVTPL")	14	**245,481**	237,118
Deferred tax assets		**98,581**	94,389
		13,620,866	13,932,607
Current assets			
Inventories		**337,113**	353,535
Properties under development for sale		**1,048,899**	1,074,776
Completed properties for sale		**933,427**	958,297
Trade and other receivables	13	**745,012**	773,658
Amounts due from fellow subsidiaries	15	**41,457**	30,140
Tax assets		**19,820**	14,839
Financial assets at FVTPL	14	**509,808**	611,070
Restricted cash		**64,294**	112,087
Bank balances and cash		**5,272,018**	5,081,262
		8,971,848	9,009,664

Condensed Consolidated Statement of Financial Position

At 30 June 2020

	NOTES	30 June 2020 RMB' 000 (unaudited)	31 December 2019 RMB' 000 (audited)
Current liabilities			
Bills, trade and other payables	16	**3,629,439**	4,362,971
Amounts due to fellow subsidiaries	17	**394,178**	303,955
Lease liabilities		**11,194**	11,648
Tax liabilities		**551,281**	592,239
Prepayments from customers		**2,955,708**	2,856,346
Contract liabilities	18	**314,089**	175,878
Bank loans	19	**4,229,907**	272,647
		12,085,796	8,575,684
Net current (liabilities) assets		**(3,113,948)**	433,980
Total assets less current liabilities		**10,506,918**	14,366,587
Non-current liabilities			
Bank loans	19	—	3,829,979
Senior notes		**2,666,124**	2,625,392
Lease liabilities		**43,164**	47,101
Other payables	16	**114,150**	129,084
Deferred tax liabilities		**823,090**	781,064
		3,646,528	7,412,620
Net assets		**6,860,390**	6,953,967
Capital and reserves			
Share capital	20	**176,023**	176,832
Reserves		**6,591,344**	6,678,364
Equity attributable to owners of the Company		**6,767,367**	6,855,196
Non-controlling interests		**93,023**	98,771
Total equity		**6,860,390**	6,953,967

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Attributable to owners of the Company													
	Share capital RMB'000 (note 20)	Treasury shares RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Special reserve RMB'000	Property revaluation reserve RMB'000	Investment revaluation reserve RMB'000	Exchange reserve RMB'000	Share option reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Total RMB'000	Attributable to non-controlling interests RMB'000	Total RMB'000
At 1 January 2020 (audited)	**176,832**	**–**	**21,221**	**27,692**	**217,228**	**269,676**	**(96,691)**	**10,463**	**5,128**	**1,164,664**	**5,058,983**	**6,855,196**	**98,771**	**6,953,967**
Profit (loss) for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**358,220**	**358,220**	**(5,748)**	**352,472**
Other comprehensive (expense) income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**(2,448)**	**1,162**	**–**	**–**	**–**	**(1,286)**	**–**	**(1,286)**
Total comprehensive (expense) income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**(2,448)**	**1,162**	**–**	**–**	**358,220**	**356,934**	**(5,748)**	**351,186**
Shares repurchased and cancelled	**(809)**	**–**	**(21,221)**	**809**	**–**	**–**	**–**	**–**	**–**	**–**	**(38,726)**	**(59,947)**	**–**	**(59,947)**
Shares repurchased but not cancelled	**–**	**(6)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(438)**	**(444)**	**–**	**(444)**
Equity instruments at fair value transferred to retained profits upon disposal	**–**	**–**	**–**	**–**	**–**	**–**	**(992)**	**–**	**–**	**–**	**992**	**–**	**–**	**–**
Dividends recognised as distribution (note 10)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(384,372)**	**(384,372)**	**–**	**(384,372)**
At 30 June 2020 (unaudited)	**176,023**	**(6)**	**–**	**28,501**	**217,228**	**269,676**	**(100,131)**	**11,625**	**5,128**	**1,164,664**	**4,994,659**	**6,767,367**	**93,023**	**6,860,390**
At 1 January 2019	176,865	–	104,153	27,659	217,228	266,497	(115,230)	12,413	7,097	1,092,769	4,404,162	6,193,613	111,658	6,305,271
Profit (loss) for the period	–	–	–	–	–	–	–	–	–	–	685,828	685,828	(7,580)	678,248
Other comprehensive income (expense) for the period	–	–	–	–	–	–	26,799	(3,093)	–	–	–	23,706	–	23,706
Total comprehensive income (expense) for the period	–	–	–	–	–	–	26,799	(3,093)	–	–	685,828	709,534	(7,580)	701,954
Equity instruments at fair value transferred to retained profits upon disposal	–	–	–	–	–	–	(6,318)	–	–	–	6,318	–	–	–
Arising from acquisition under common control	–	–	(80,000)	–	–	–	–	–	–	–	–	(80,000)	–	(80,000)
Dividends recognised as distribution (note 10)	–	–	–	–	–	–	–	–	–	–	(268,979)	(268,979)	–	(268,979)
At 30 June 2019 (unaudited)	176,865	–	24,153	27,659	217,228	266,497	(94,749)	9,320	7,097	1,092,769	4,827,329	6,554,168	104,078	6,658,246

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net cash generated from operating activities	**790,037**	24,155
Investing activities:		
Investments in structured bank deposits	**(34,624,590)**	(35,964,160)
Redemption of structured bank deposits	**34,724,590**	35,767,860
Redemption of wealth management products issued by banks	—	300,000
Placement of restricted cash	**(64,294)**	(91,860)
Withdrawal of restricted cash	**112,087**	107,157
Purchase of:		
– financial assets at FVTPL	**(155,537)**	(77,901)
– equity instruments at FVTOCI	**(31,089)**	(18,917)
Proceeds from disposal of:		
– financial assets at FVTPL	**142,923**	55,377
– equity instruments at FVTOCI	**32,860**	115,495
Dividends received from equity investments	**326**	428
Purchase of property, plant and equipment	**(133,129)**	(232,572)
Proceeds from disposal of property, plant and equipment	**1,478**	813
Acquisition of a subsidiary	—	(80,000)
Proceeds from disposal/partial disposal of interests in associates	—	146,610
Income received from structured bank deposits	**60,141**	98,667
Income received from wealth management products issued by banks	—	233
Interest received on bank deposits	**16,271**	7,897
Interest received on loans to third parties and associates	**3,750**	1,043
Advance to an associate	—	(7,369)
Repayments from associates	—	30,268
Capital contribution to an associate	—	(240)
Proceeds from cancellation of a joint venture	—	29
Loans to a third party	**(100,000)**	—
Repayment from a third party	—	13,426
Withdrawal of rental deposits	**3**	—
Payments for rental deposits	—	(68)
Net cash (used in) generated from investing activities	**(14,210)**	172,216

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Financing activities:		
New bank loans raised	**515,000**	300,000
Repayment of bank loans	**(465,000)**	(300,000)
Interest paid	**(161,911)**	(164,067)
Dividends paid to owners of the Company	**(384,372)**	(268,979)
Repurchase of shares	**(60,391)**	—
Receipts of rental deposits as lessors	**50,081**	—
Repayments of rental deposits as lessors	**(73,395)**	—
Repayments of leases liabilities	**(5,083)**	(8,416)
Net cash used in financing activities	**(585,071)**	(441,462)
Net increase (decrease) in cash and cash equivalents	**190,756**	(245,091)
Cash and cash equivalents at 1 January	**5,081,262**	5,336,773
Cash and cash equivalents at 30 June, representing bank balances and cash	**5,272,018**	5,091,682

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

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

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

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

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

In preparing the condensed consolidated financial statements, the Directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that as at 30 June 2020, its current liabilities exceeded its current assets by approximately RMB3,113,948,000. Taking into account the internally generated funds and unutilised banking facilities, the Directors of the Company considered that the Group will be able to meet its financial obligations when they fall due in the foreseeable future and be able to operate on a going concern basis. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRSs and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendment to HKFRS 16 *Covid-19-Related Rent Concessions*. The application has no impact to the opening retained profits at 1 January 2020. The Group recognised changes in lease payments that resulted from rent concessions of RMB10,241,000 in the profit or loss for the current interim period.

The application of the Amendments to References to the Conceptual Framework in HKFRSs and the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE

An analysis of the Group's revenue for the six months ended 30 June 2020 is as follows:

	Six months ended 30 June	
	2020	2019
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Commission income from concessionaire sales	**781,964**	1,041,456
Direct sales	**1,139,901**	1,169,945
Sales of properties	**156,080**	273,081
Management fees	**22,536**	19,102
Hotel operations	**5,926**	14,735
Automobile services fees	**10,694**	11,708
Revenue from contracts with customers	**2,117,101**	2,530,027
Rental income	**385,570**	425,330
Total revenue	**2,502,671**	2,955,357
Timing of revenue recognition under HKFRS 15		
A point in time	**2,094,565**	2,510,925
Over time	**22,536**	19,102
Total	**2,117,101**	2,530,027

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

Gross sales proceeds	Six months ended 30 June	
	2020	2019
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Concessionaire sales	**5,252,761**	7,037,530
Direct sales	**1,287,926**	1,338,073
Rental income	**406,730**	451,168
Sales of properties	**159,893**	281,401
Management fees	**23,998**	20,348
Hotel operations	**6,310**	15,672
Automobile services fees	**11,947**	13,259
	7,149,565	9,157,451

4. SEGMENT INFORMATION

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

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

– Retail operations consists of:

  • Southern Jiangsu Province, including stores at Nanjing, Suzhou, Danyang and Kunshan

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

  • Western and the other regions of the PRC, including stores at Xi'an, Kunming, Shanghai, Huaibei, Ma'anshan and Wuhu

– Property development and hotel operations

– Other operations represent the total of other operating segments that are individually not reportable

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

4. SEGMENT INFORMATION *(Continued)*

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

	Retail operations						
	Southern Jiangsu Province RMB'000 (unaudited)	Northern Jiangsu Province RMB'000 (unaudited)	Western and the other regions of the PRC RMB'000 (unaudited)	Subtotal RMB'000 (unaudited)	Property development and hotel operations RMB'000 (unaudited)	Other operations RMB'000 (unaudited)	Total RMB'000 (unaudited)
For the six months ended 30 June 2020							
Gross sales proceeds	2,611,212	3,553,653	718,611	6,883,476	177,752	88,337	7,149,565
Segment revenue	1,066,190	989,486	233,205	2,288,881	173,020	40,770	2,502,671
Segment results	355,777	443,763	92,895	892,435	39,755	(10,571)	921,619
Central administration costs and Directors' salaries							(25,291)
Other gains and losses							(50,527)
Share of loss of associates							(58,670)
Share of loss of joint ventures							(1,726)
Finance income							29,606
Finance costs							(179,341)
Profit before tax							635,670
Income tax expense							(283,198)
Profit for the period							352,472

4. SEGMENT INFORMATION *(Continued)*

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

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

5. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Other income		
Income from suppliers and customers	**276,712**	248,368
Government grants	**2,034**	2,572
Others	**1,378**	2,517
	280,124	253,457
Other gains and losses		
Net foreign exchange losses	**(102,785)**	(14,105)
Dividend income from equity investments	**326**	428
Investment income of structured bank deposits	**58,879**	97,360
Fair value change of investment properties	**(2,696)**	—
Fair value change of financial assets at FVTPL	**(4,251)**	3,337
Gain on disposal/partial disposal of interests in associates	**—**	116,394
Gain on deemed disposal of an associate	**—**	1,426
	(50,527)	204,840
	229,597	458,297

6. FINANCE INCOME

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest income on bank deposits	**14,564**	11,874
Interest income from loans to third parties and associates	**13,622**	10,008
Interest income from refundable rental deposits paid	**1,420**	1,311
	29,606	23,193

7. FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest expenses on:		
Bank loans	**111,683**	122,518
Senior notes	**63,172**	60,488
Proceeds from pre-sale of properties	**2,836**	14,423
Refundable rental deposits received	**3,870**	2,932
Lease liabilities	**1,266**	1,394
PRC medium-term notes	**—**	31,365
	182,827	233,120
Less: amounts capitalised in the cost of qualifying assets		
Properties under development for sale	**(3,486)**	(16,923)
	179,341	216,197

Finance costs capitalised during the six months ended 30 June 2020 are calculated by applying a weighted average capitalisation rate of 5.0% (six months ended 30 June 2019: 5.2%) per annum.

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
PRC Enterprise Income Tax ("EIT"):		
Current period	**206,607**	254,301
Land Appreciation Tax ("LAT")	**11,898**	15,294
Under (over) provision in prior periods	**2,533**	(2,874)
	221,038	266,721
Deferred tax charge:		
Current period	**62,160**	81,606
	283,198	348,327

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

8. INCOME TAX EXPENSE *(Continued)*

Subsidiaries of the Group located in the PRC are subject to PRC EIT rate of 25% (six months ended 30 June 2019: 25%) pursuant to the relevant PRC EIT laws, except for Xi'an Golden Eagle International Shopping Centre Co., Ltd. which was granted on 24 April 2014 a preferential income tax rate of 15% effective from 1 January 2013 for 8 years.

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

9. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging (crediting) the following items:		
Depreciation and amortisation of property, plant and equipment and intangible asset	**188,432**	186,772
Depreciation of right-of-use assets	**35,791**	38,012
Less: amounts capitalised	**(1,067)**	(1,067)
	34,724	36,945
Loss on disposal of property, plant and equipment	**309**	348
COVID-19-related rent concessions	**10,241**	—

10. DIVIDENDS

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Dividends recognised as distribution during the period:		
2019 Final dividend of RMB0.231 per share (2018 Final dividend of RMB0.160 per share)	**384,372**	268,979

10. DIVIDENDS *(Continued)*

Subsequent to the end of the interim period, the Directors have resolved that an interim cash dividend of RMB0.118 per share (six months ended 30 June 2019: RMB0.118 per share), in an estimated aggregate amount of RMB197,082,000 (six months ended 30 June 2019: RMB198,100,000) will be paid to the owners of the Company whose names appear in the Register of Members on 10 September 2020.

11. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**358,220**	685,828

	Six months ended 30 June	
	2020	2019
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**1,677,554**	1,679,406

Certain outstanding share options of the Company have not been included in the computation of diluted earnings per share as they did not have dilutive effect to the Company's earnings per share during both the six months ended 30 June 2020 and 30 June 2019 because the exercise prices of these options were higher than the average market prices of the Company's shares during both periods.

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

During the current interim period, additions to property, plant and equipment amounted to RMB1,084,000 (unaudited) (six months ended 30 June 2019: RMB142,128,000 (unaudited)) were recorded for construction and renovation of the Group's new stores and amounted to RMB16,823,000 (unaudited) (six months ended 30 June 2019: RMB47,422,000 (unaudited)) were recorded for construction, renovation and expansion of the Group's existing stores in order to expand and/or upgrade its operating capabilities.

During the current interim period, due to the outbreak of COVID-19 and the subsequent implementation of a series of precautionary and control measures, certain landlords of the Group's convenience stores and property provided rent concessions to the Group through rent reductions ranging from 50% to 100% over one to three months period.

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 applied the practical expedient not to assess whether the changes constitute lease modifications. During the current interim period, the effects on changes in lease payments due to forgiveness or waive by the lessors for the relevant leases in an aggregate amount of RMB241,000 were recognised as negative variable lease payments and recorded in other income.

The fair value of the Group's investment properties at the end of the current interim period has been valued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, independent qualified professional valuers not connected to the Group. The resulting decrease in fair value of investment properties of RMB2,696,000 (unaudited) (six months ended 30 June 2019: nil (unaudited)) has been recognised directly in profit or loss for the six months ended 30 June 2020.

13. TRADE AND OTHER RECEIVABLES

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Trade receivables	**27,471**	80,012
Advance to suppliers	**47,758**	39,147
Rental deposits	**54,757**	53,340
Other deposits	**16,909**	16,952
Deposits paid for purchases of goods	**4,985**	5,411
Other taxes recoverable	**130,236**	139,657
Loans to third parties (Note)	**234,309**	122,207
Other receivables and prepayments	**283,249**	370,174
	799,674	826,900
Presented as:		
Non-current assets	**54,662**	53,242
Current assets	**745,012**	773,658
	799,674	826,900

Note: As at 30 June 2020, the amount represents short-term loans advanced to independent third parties, which are secured/guaranteed, bearing fixed rate interest ranging from 12% to 15% per annum and repayable within 90 to 210 days.

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 were no trade receivables in property development business at the end of the reporting periods.

Trade receivables for retail operations amounted to RMB25,880,000 (unaudited) (31 December 2019: RMB74,121,000 (audited)) were aged within 15 days from the respective reporting dates and the remaining trade receivables were aged within 90 days from the respective reporting dates.

As at 30 June 2020, rental deposits amounting to RMB51,577,000 (unaudited) (31 December 2019: RMB49,718,000 (audited)) were paid to related companies of the Group.

14. EQUITY INSTRUMENTS AT FVTOCI/FINANCIAL ASSETS AT FVTPL

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Equity instruments at FVTOCI		
Listed equity investments	**114,248**	117,463
Financial assets at FVTPL		
Non-current		
Unquoted fund investment	**200,000**	200,000
Listed equity investments	**45,481**	37,118
	245,481	237,118
Current		
Structured bank deposits	**509,808**	611,070

15. AMOUNTS DUE FROM FELLOW SUBSIDIARIES

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
南京金鷹國際實業有限公司 (Nanjing Golden Eagle International Industry Co., Ltd.)	**11,547**	11,547
南京金鷹國際集團有限公司 (Nanjing Golden Eagle International Group Co., Ltd.)	**6,983**	7,379
昆山金鷹置業有限公司 (Kunshan Golden Eagle Properties Co., Ltd.)	**3,762**	1,446
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.)	**3,267**	1,099
Others	**15,898**	8,669
	41,457	30,140

The amount due from Nanjing Golden Eagle International Group Co., Ltd. is related to payments made for acquisition and construction of property, plant and equipment. The remaining amounts represent prepayments made for the Group's operations. All amounts are unsecured, interest free and repayable on demand.

16. BILLS, TRADE AND OTHER PAYABLES

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Trade payables	**1,923,672**	2,271,511
Bills payables	**43,460**	134,720
Total trade payables	**1,967,132**	2,406,231
Payables for purchase of property, plant and equipment	**594,176**	763,246
Rental deposits	**217,081**	236,046
Suppliers' deposits	**152,069**	133,102
Accrued expenses	**158,044**	154,404
Accrued salaries and welfare expenses	**31,904**	50,401
Advance lease payments	**18,230**	22,579
Interest payable	**14,622**	14,528
Other taxes payable	**66,559**	121,948
Other payables	**523,772**	589,570
	3,743,589	4,492,055
Presented as:		
Non-current liabilities	**114,150**	129,084
Current liabilities	**3,629,439**	4,362,971
	3,743,589	4,492,055

The credit period on purchases of goods is ranging from 30 to 60 days. The following is an aged analysis of the Group's bills and trade payables presented based on the invoice date at the end of the reporting period:

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
0 to 30 days	**1,225,209**	1,654,630
31 to 60 days	**162,075**	319,991
61 to 90 days	**75,362**	134,293
Over 90 days	**504,486**	297,317
	1,967,132	2,406,231

17. AMOUNTS DUE TO FELLOW SUBSIDIARIES

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
南京金鷹工程建設有限公司 (Nanjing Golden Eagle Construction Work Co., Ltd.)	**115,271**	115,606
南京金鷹國際集團有限公司 (Nanjing Golden Eagle International Group Co., Ltd.)	**81,971**	68,528
昆山金鷹置業有限公司 (Kunshan Golden Eagle Properties Co., Ltd.)	**56,287**	56,287
南京建鄴金鷹置業有限公司 (Nanjing Jianye Golden Eagle Properties Co., Ltd.)	**34,729**	12,619
南京江寧金鷹科技實業有限公司 (Nanjing Jiangning Golden Eagle Technology Industry Co., Ltd.)	**20,071**	13,773
鹽城金鷹科技實業有限公司 (Yancheng Golden Eagle Technology Industry Co., Ltd.)	**17,390**	11,151
南京金鷹物業資產管理有限公司 (Nanjing Golden Eagle Properties Asset Management Co., Ltd.)	**14,842**	839
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.)	**13,053**	8,049
馬鞍山金鷹天地實業有限公司 (Ma'anshan Golden Eagle Tiandi Industry Co., Ltd.)	**10,585**	5,508
南京珠江壹號實業有限公司 (Nanjing Zhujiang No.1 Industry Co., Ltd.)	**4,748**	5,199
上海金鷹天地實業有限公司 (Shanghai Golden Eagle Tiandi Industry Co., Ltd.)	**4,479**	3,457
揚州金鷹國際物業管理有限公司 (Yangzhou Golden Eagle International Property Management Co., Ltd.)	**4,020**	—
丹陽金鷹天地實業有限公司 (Danyang Golden Eagle Tiandi Industry Co., Ltd.)	**3,376**	1,961
Others	**13,356**	978
	394,178	303,955

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

18. CONTRACT LIABILITIES

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Deposits and prepayments received from pre-sale of properties	**279,655**	161,327
Deferred revenue arising from the Group's customer loyalty programme	**34,434**	14,551
	314,089	175,878

19. BANK LOANS

The dual currency three-year secured syndicated loan, denominated in United States dollar ("USD") and Hong Kong dollar ("HK$") amounted to USD430.0 million and HK$1,781.0 million, raised by the Group in April 2018 will be due for full repayment in April 2021 and therefore the loan has been reclassified under current liability as at 30 June 2020.

20. SHARE CAPITAL

	Number of shares	**Share capital** HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 January 2019, 30 June 2019, 1 January 2020 and 30 June 2020	5,000,000,000	500,000
Issued and fully paid:		
At 1 January 2019 (audited) and 30 June 2019 (unaudited)	1,679,406,000	167,941
At 1 January 2020 (audited)	1,679,038,000	167,904
Shares repurchased and cancelled	(8,849,000)	(885)
At 30 June 2020 (unaudited)	1,670,189,000	167,019

	RMB'000
Shown in the condensed consolidated financial statements:	
At 30 June 2020 (unaudited)	176,023
At 31 December 2019 (audited)	176,832

20. SHARE CAPITAL *(Continued)*

During the six months ended 30 June 2020, pursuant to the general mandate given to the Directors, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	No. of ordinary shares of HK$0.10 each of the Company	Price per share Highest	Price per share Lowest	Aggregate consideration paid	
		HK$	HK$	HK$'000	RMB equivalent '000
For the six months ended 30 June 2020:					
– April 2020	51,000	7.47	7.36	381	348
– May 2020	4,355,000	7.50	7.33	32,719	29,960
– June 2020	4,511,000	7.38	7.00	32,969	30,083
	8,917,000			66,069	60,391

During the six months ended 30 June 2020, a total of 8,917,000 (unaudited) (six months ended 30 June 2019: nil) shares were repurchased and a total of 8,849,000 (unaudited) (six months ended 30 June 2019: nil) shares were cancelled.

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

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

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

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

Financial assets	Fair value as at 30 June 2020 RMB'000	Fair value as at 31 December 2019 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)
Listed equity securities at FVTOCI	**114,248**	117,463	Level 1	Quoted prices in active markets
Listed equity securities at FVTPL	**45,481**	37,118	Level 1	Quoted prices in active markets
Structured bank deposits	**509,808**	611,070	Level 2	Discounted cash flow – future cash flows are estimated based on expected applicable yield of the underlying investment portfolio and adjustments of related expenses, discounted at a rate that reflects the credit risk of various counterparties.
Unquoted fund investment at FVTPL	**200,000**	200,000	Level 3	Calculated based on the fair value of the underlying investments and other inputs management considers to be appropriate.

The Group owned unquoted fund investment that was classified as a financial asset at FVTPL and was measured at fair value at each reporting date. The fair value of the investment as at 30 June 2020 amounted to RMB200,000,000 (31 December 2019: RMB200,000,000). The fair value of the investment as at 30 June 2020 was measured using a valuation technique with significant unobservable inputs due to no recently quoted price to reference, and hence was transferred from level 2 of the fair value hierarchy to level 3 of the fair value hierarchy.

Reconciliation of Level 3 fair value measurements

In the opinion of the directors of the Company, the Group does not have a material fair value change for unquoted fund investment at FVTPL and hence no related reconciliation of fair value measurement is presented.

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

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

22. CAPITAL COMMITMENTS

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– acquisition of property, plant and equipment	**17,122**	17,437
– investments in associates	**1,600**	25,000
	18,722	42,437
Other commitments:		
– construction of properties under development (Note)	**558,434**	302,155

Note: Included in the balance is RMB17,417,000 (unaudited) (31 December 2019: RMB17,417,000 (audited)) capital expenditure contracted for with fellow subsidiaries of the Group.

23. FINANCIAL GUARANTEE

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Guarantee in respect of mortgage facilities for certain purchasers	**108,638**	20,388

The Group cooperates with certain financial institutions which arranges 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 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.

24. PLEDGE OF ASSETS

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

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Equity instruments at FVTOCI	**54,623**	60,084
Restricted cash	**40,627**	46,646
Bank balances and cash	**45,255**	35,283
	140,505	142,013

In addition, restricted cash amounted to RMB23,667,000 (unaudited) (31 December 2019: RMB65,441,000 (audited)) have been pledged to secure general banking facilities granted to the Group.

25. RELATED PARTY TRANSACTIONS

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

a) Transactions

		Six months ended 30 June	
Relationship with related companies	**Nature of transactions**	**2020 RMB' 000 (unaudited)**	2019 RMB' 000 (unaudited)
Fellow subsidiaries	Property and ancillary facilities rentals paid	**108,972**	136,984
	Property management fee paid	**52,267**	59,145
	Carpark management service fee paid	**2,018**	412
	Decoration service fee paid	—	3,419
	Management fee received	**15,407**	15,355
	Carpark rental income received	**2,509**	1,919
Associate	Interest income	—	1,130

b) Compensation of key management personnel

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

	Six months ended 30 June	
	2020 RMB' 000 (unaudited)	2019 RMB' 000 (unaudited)
Salaries and other benefits	**4,784**	3,334
Retirement benefits schemes contributions	**260**	311
	5,044	3,645

Deloitte. 德勤

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

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Golden Eagle Retail Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 8 to 35, which comprise the condensed consolidated statement of financial position as of 30 June 2020 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 August 2020

Management Discussion and Analysis

BUSINESS REVIEW

Industry Overview

In the first half of 2020, the novel coronavirus pneumonia ("COVID-19") raged worldwide, mounting a heavy blow to the global economy. The pandemic frustrated the world's largest economies' attempts to resume production and commercial activities. China, in particular, saw its gross domestic product decline by 1.6% year-on-year in the first half of the year. On the back of the government's effective measures to bring the pandemic under control and to stimulate the economy, the country's economy rebounded with a year-on-year increase of 3.2% in the second quarter following the year-on-year contraction of 6.8% in the first quarter. However, the domestic consumer market remained in the doldrums — China's retail sales plunged by 11.4% year-on-year in the first half of the year.

In Jiangsu province, where the Group had already established a leading position in the local retail market, the resumption of work, production and commercial activities was in full swing. The province's economy performed better than expected and even better than the whole country. Its gross domestic product edged up by 0.9% year-on-year in the first half of 2020. The province's key economic indicators pointed to a steady rebound. The management is of the view that the market was optimistic about the local economy and was buoyed by social stability.

In the course of retail sector's development, brick-and-mortar operators took initiatives to cope with the impact of the pandemic by speeding up reforms, diversifying consumption scenarios and furthering the integration of their online and offline operations. Moreover, the advent of 5G telecommunication technology will only serve to further popularise the digital intelligence in the retail sector and consumer market. Meanwhile, consumer demand becomes increasingly diverse, engendering new modes of consumption in which the weight is shifting from goods to experiences. Therefore, improving the quality of services and enriching consumer experience with diverse contents are the way forward in the development of retail sector.

Operation Management and Corporate Development

In the first half of 2020, the Group adopted various measures to prevent and contain the COVID-19 pandemic while trying to resume business and to integrate further its online and offline operations. It adjusted its business operation strategies according to the progress made in the prevention and control of the pandemic.

As a result of the joint and unified efforts of our entire staff, footfall at the Group's stores totalled 58.4 million visits[(1)] in the first half of 2020 and bounced back in July 2020 to 80% of that for the same period last year. The Group's total gross sales proceeds ("GSP") decreased by 21.9% year-on-year to RMB7.15 billion while its profit from operations before depreciation and amortisation (net profit before depreciation, amortisation, interest, tax and other income and losses) ("EBITDA") dropped by 12.9% year-on-year to RMB1.12 billion. For the first three months of 2020, GSP plunged by 38.2% year-on-year and EBITDA fell by 24.9% year-on-year. The situation improved in the second quarter of 2020 when the year-on-year decrease in GSP narrowed to 0.5% while EBITDA edged up 2.8% year-on-year.

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

It is against this backdrop of the protracted combat against the pandemic as a new normal and of the transformation of the retail sector that the Group pressed on with the strategy of developing an innovative intelligent consumption service platform for retail services that meets the needs of consumers' daily life and enhances their shopping experience. Geared towards the economy that emphasises quality of life and aimed at meeting consumers' aspirations for good living, the Group upgraded the sales and marketing functions of its online platform to enhance customers' online shopping experiences and the attraction of the offline sales and marketing activities. This resulted in a fast recovery in both the footfall and the Group's sales performance. Meanwhile, the Group continued to refine the operation of its mainstay business and to improve both its operational management and expertise. It also stepped up the merchandise adjustment at its stores, fully tapping the potential of premium merchandise for boosting the Group's sales performance. In all these moves, the Group aimed to drive the organic growth of its existing business and to add impetus to its development with new initiatives.

To safeguard the employees' interests and rights and to create a safe working environment for its employees and a safe shopping environment for its customers, the Group has adopted a series of measures to cope with the pandemic since its outbreak, including stringent measures to prevent and control the disease. The move has ensured the orderly resumption of both the Group's business and its employees' work and also ensured uninterrupted supply of daily necessities through the further integration of its online and offline operations. The Group always believes in reciprocal relationships between itself and the society for mutual support and trust. The Group has 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 in the total amount of RMB80.0 million. At the time when the pandemic was raging, the Group organised a number of charitable campaigns to assist in the fight against the pandemic and to show care for the medical personnel who were combating the disease. The Group also took advantage of the LED façade of Nanjing Hexi Golden Eagle World to display meaningful and inspiring slogans to encourage the society to combat the pandemic as a cohesive force and thus projected a positive image of itself as a socially responsible company.

The Group continued to enhance its merchandise resources by introducing popular, premium brands, especially those brands that made their debuts in the city in order to enhance both the attractiveness and competitiveness of its stores. In the first half of 2020, the Group's 30 self-operated stores had adjusted approximately 113,000 square metres of its counter area, involving more than 1,000 brands and the introduction of 287 new brands into the stores. The Group's Nanjing Xinjiekou Store introduced Valmont into Jiangsu province and thus increased the number of premium cosmetics brands offered in the store and provided more selections for its high-end customers. Moreover, FILA's 5G-image shop made its debut in the province by opening at Nanjing Xinjiekou Store, offering a full range of products that suit customer needs on various occasions. Other international premium brands that also made their debuts at the Group's other stores include La Mer, which made its debut in Xi'an region by opening a counter at Xi'an Gaoxin Store and Adidas, which opened its first "Mega 1" store, being on the highest tier of Adidas' stores in Kunshan at Kunshan Store.

In late April when the pandemic showed signs of abating, the Group's chain stores launched a number of young, interesting and creative marketing campaigns with the aim of stimulating consumer purchases. The moves were so successful that both the footfall and sales rebounded and footfall and sales of some activities were even higher than those in the same period last year. The Group organised a marketing event in April under the theme "Together Forever" to celebrate the Group's 24th anniversary and to convey a message to the public that Golden Eagle Retail Group will be working with the society together for a better tomorrow. During the three-days' event, the Group recorded a GSP of RMB269.0 million, which was up by 27.8% year-on-year. This gave a shot in the arm to the retail sector and consumer market much needed for a recovery amid the pandemic. All of Golden Eagle's chain stores organised a total of more than 55 marketing events of various themes during the Labour Day holidays for its customers and the general public. This boosted the aggregated footfall to more than 3.0 million visits which was at the same level as that for the same period last year and generated GSP of RMB450.0 million, which was up by 27.7% year-on-year. On Network Valentine's Day (which is celebrated annually on 20 May), the Group's chain stores recorded a rebound in footfall and a year-on-year increase of 47.0% in GSP. From 17 to 19 July 2020, Golden Eagle's 6th VIP Day attracted over 2.3 million VIP members and sent GSP surging by 35.3% year-on-year across the Group's 30 stores in 18 cities. The stores also recorded steady growth in both the footfall and stay-and-buy ratio.

It is against the backdrop of a new normal that the Group's e-commerce platform, Jingying.com, began exploring new ways of sales and marketing and of cooperating with business partners. Through live streaming and by triggering social fission through social media marketing, the Group deepened its online cooperation with international premium brands. This has resulted in a year-on-year increase of 64.6% in GMV (Gross Merchandise Value) of the sales on the e-commerce platform and the addition of 265,000 users that represented a year-on-year increase of 33.3% during the first half of 2020. This development attracted more online customers to the Group's brick-and mortar stores and provided operational and technical supports to such stores. On the back of the growing trend towards a new mode of consumption, sales at the concessionaires and supermarkets through their home delivery services surged by 344.0% year-on-year in the first half of 2020.

Outlook

In the second half of 2020, it is anticipated that the world will still be gripped by the dire situation of the raging pandemic. In China, the protracted efforts to prevent and contain the disease has already become a new normal. Meanwhile, consumers' quest for lifestyle shopping experiences has been growing. Coping with such adversities and meeting such market demand both call for a wider scope of the application of new technologies that enables the omni-channel retail to gain traction. Retail contents at the physical stores will be updated frequently; the stores' scene settings will be more diverse and the VIP services will be more precise. All these enhancements are aimed at enriching consumers' shopping experience with diverse scenes.

To cope with the unprecedented and severe challenges posed by the global health and economic crises, the Group will continue to enhance its mainstay business's adaptability so as to maintain its competitiveness in the volatile market and ensure its sustainable development for the long term.

The Group will further its cooperation with high-quality brands, leverage on its high stickiness and active digitalised VIP members, and actively make use of cloud services, big data and artificial intelligence such emerging technologies to digitalise its overall operation to come up with solutions for its online-and-offline omni-channel retail business so as to improve the customer experience:

- Golden Eagle supermarket has become one of the two licensed channels in Jiangsu province to sell Moutai liquor in general merchandise stores. In the first half of 2020, the Group sold 76,000 bottles of Moutai for RMB114.0 million in sales. In the second half of 2020, the Group and Kweichow Moutai Group will jointly open an exhibition hall to exhibit the history and culture of Moutai on the 50th floor of Nanjing Golden Eagle World Hotel. The exhibition hall will serve as a venue in Jiangsu for activities to be organised for Kweichow Moutai Group's high-net-worth customers.

- The Golden Eagle 7-Eleven convenience stores will grow faster in numbers, with the goals of operating 30 convenience stores at the end of 2020 and operating 50 stores at the end of 2021. The Group has also set the target of generating positive operating cash flows from all such convenience stores by the end of 2022.

- Jingying.com is positioned as an online platform for services, sales and marketing and it will step up the effort to transform itself into an intelligent consumption service platform to provide more extended services to the Group's VIP members. Meanwhile, Jingying.com will also introduce high-end cosmetic products and online flagship stores of benchmarking brands to realise the interflow and integration of online and offline customer traffic.

To capture the growing demand of middle-class families and young customers for high-quality lifestyle, the Group will upgrade the existing merchandise portfolio steadily:

- The Group's flagship store, Nanjing Golden Eagle World Store, will further upgrade its merchandise portfolio to solidify its leading position with more exclusive brands in the local market. For instance, it will introduce the well-performing, affordable luxury brands such as Theory, PINKO, Coach, Lululemon and high-end cosmetics brands such as La Mer, HR and Guerlain into the store.

- The Group's Nanjing Jiangning Store, which is located in the well-developed metropolitan area of Nanjing, will continue to upgrade its merchandise portfolio with high-end brands of cosmetics and fashions so as to expand its market share and maintain sustainable growth in sales.

In the course of its development in the past 28 years, the Group has already formed a mature operation management team and a sound supply chain system. In addition, it has also formed a comprehensive ecosystem of retail businesses, encompassing information technology, theme parks, boutique supermarkets, convenience stores and beauty stores. The Group will press on with its dual development strategy of self-operated stores and asset-light management output to maintain its core competitiveness and flexibility for its long-term development in a rapidly changing and highly competitive operating environment:

– The Group undertook Project GE66 as its first shopping mall management project in Jiangsu province under asset-light business model with approximately 20,000 square metres of the commercial area to be managed by the Group. The Group will be responsible from the initial planning and preparation to the subsequent day-to-day management and operation of the project. The project is located right above a Metro station connecting Metro Lines 1 and 5 at Nanjing Jiangning district. Project GE66 will be positioned as a trendy landmark for shopping and is scheduled to be opened in 2021.

– On 5 June 2020, the Group won a tender for a lease right to operate commercial retail spaces at Pengcheng Square station and People's Square station on Metro Line 1 of Xuzhou. It is the phase one of the first Metro commercial project to be developed in Huaihai Economic Zone which includes parts of Shandong, Jiangsu, Anhui and Henan provinces. The two Metro stations where Golden Eagle will operate are situated in the core commercial districts of Xuzhou and together have an aggregate gross floor area ("GFA") of over 30,000 square metres. The two Metro stations are seamlessly connected to the commercial complexes in the districts with average daily foot traffic of over 300,000 visits.

– In the forthcoming years, the Golden Eagle World commercial complexes which are expected to be opened in Nantong, Changzhou and Changchun, will be operated in either the Group's own properties or leased properties, and will increase the total GFA of the Group's lifestyle centres portfolio by approximately 736,000 square metres. The Golden Eagle World commercial complexes and the nearby luxury hotels, offices and housing will together integrate leisure shopping, commercial offices and community lifestyle into a full life cycle ecosystem. The high-end amenities there will attract more high-end customers to the Group's stores, and ultimately drive the Group's sales growth.

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 since then been implemented across China, including the extension of the Chinese New Year holidays nationwide, postponement of work resumption after the Chinese New Year holidays in some regions, restrictions on travel and some traffic control arrangements, quarantine measures of certain residents, the restriction on some commercial activities for social distancing, raised both the awareness of hygiene and the imminent needs for prevention of epidemic. The epidemic has affected retail business in China and the economic activities of the Group to some extent. Some of the Group's stores shortened their opening hours during February and early March 2020.

In response to the situation, the Group has adopted various measures to mitigate the impact on its business operations, including maximising operational efficiency, promoting online sales, assisting concessionaire and rental tenants in weathering the epidemic by granting concessions, and implementing comprehensive cost-saving measures. Notably, the Company's online platform, Jinying.com, has recorded a significant growth of 64.6% in GMV and amounted to RMB218.2 million for the six months ended 30 June 2020.

Although the Group adopted the above-mentioned measures to mitigate the adverse effect of the epidemic and its retail stores had resumed operation since the second quarter of the year amid the gradual stabilisation of the COVID-19 outbreak in China, the Group's revenue, operating cashflows and profit from operations for the six months ended 30 June 2020 decreased when compared with those in the same period of 2019.

During the period under review, GSP of the Group decreased to RMB7,149.6 million, representing a year-on-year decrease of 21.9% or RMB2,007.9 million. The decrease was mainly attributable to a year-on-year decrease of 21.0% in same-store sales ("SSS")[(2)] amid the COVID-19 outbreak. The Group recorded a year-on-year decrease of 38.2% in GSP and a decrease of 35.8% in SSS in the first quarter of the year and a year-on-year decrease of 0.5% in GSP and a decrease of 2.4% in SSS in the second quarter of the year.

The Group's nine new lifestyle centres which have been opened since September 2014, namely Yancheng Julonghu Store, Nantong Lifestyle Centre, Danyang Store, Kunshan Store, Jiangning Store, Ma'anshan Store, Suzhou Gaoxin Lifestyle Centre, Golden Eagle World Store and Yangzhou New City Centre, together generated a total GSP of RMB1,696.1 million (1H2019: RMB1,983.2 million), which accounted for 23.7% (1H2019: 21.7%) of the Group's total GSP during the period under review.

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(2) Same-store sales represents change in total GSP of retail chain stores which were in operation throughout the comparable period. Nanjing Xinjiekou Store underwent a major revamp during the second half of the year 2019 and is excluded from the SSS calculation.

During the six months ended 30 June 2020, concessionaire sales contributed to 73.5% (1H2019: 76.9%) of the Group's GSP, and decreased by 25.4% year-on-year to RMB5,252.8 million from RMB7,037.5 million in the same period of 2019, while direct sales contributed to 18.0% (1H2019: 14.6%) of the Group's GSP, and decreased by 3.7% year-on-year to RMB1,287.9 million, from RMB1,338.1 million in the same period of 2019. Rental income contributed to 5.7% (1H2019: 4.9%) of the Group's GSP, and decreased by 9.8% year-on-year to RMB406.7 million in the first six months of 2020 from RMB451.2 million in the same period of 2019. Sales of properties contributed to 2.2% (1H2019: 3.1%) of the Group's GSP for the first six months of 2020, and decreased by 43.2% year-on-year to RMB159.9 million from RMB281.4 million in the first half of 2019. Other income accounted for the remaining 0.6% (1H2019: 0.5%) of the Group's GSP, and decreased by 14.3% year-on-year to RMB42.3 million for the first six months of 2020 from RMB49.3 million for the same period of 2019.

Commission rate from concessionaire sales decreased to 16.8% (1H2019: 17.0%) while gross profit margin from direct sales decreased to 11.2% (1H2019: 12.2%), resulting in a decrease in the overall gross profit margin from concessionaire sales and direct sales to 15.7% (1H2019: 16.2%). This was mainly due to the increase in sales contribution from direct sales (namely supermarket and cosmetic sales) which carry a lower gross profit margin than concessionaire sales.

A breakdown of GSP from concessionaire sales and direct sales by category shows that sales of apparel and accessories contributed 38.8% (1H2019: 45.0%) of the GSP; sales of gold, jewellery and timepieces contributed 17.1% (1H2019: 17.6%); sales of cosmetics contributed 16.0% (1H2019: 13.1%); sales of outdoor, sports clothing and accessories contributed 10.5% (1H2019: 9.4%), supermarket contributed 7.7% (1H2019: 5.0%) and the sales of other products such as electronics and appliances, tobacco and wine, household and handicrafts, children's wears and toys contributed the remaining 9.9% (1H2019: 9.9%) of the GSP.

As at 30 June 2020, the Group's completed properties for sale and properties under development for sale amounted to RMB933.4 million (31 December 2019: RMB958.3 million) and RMB1,048.9 million (31 December 2019: RMB1,074.8 million) respectively. Completed properties for sale refers to the Group's Riverside Century Plaza Project with total saleable office and residential GFA of approximately 66,591.5 square metres as at 30 June 2020 (31 December 2019: 70,480.8 square metres), while properties under development for sale mainly comprised the Group's Yangzhou New City Centre Project with an estimated total saleable commercial and residential GFA of approximately 98,630.4 square metres (31 December 2019: 106,718.7 square metres) and saleable car parking spaces with GFA of approximately 39,298.8 square metres (31 December 2019: 24,484.8 square metres) as at 30 June 2020. The Group had commenced pre-sale of the units in phase one of Yangzhou New City Centre Project since 2016 and these units were completed and delivered to purchasers in the second half of 2018 and the first half of 2019. The Group has commenced pre-sale of the units in phase two sub-section one of the project since September 2017 and 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 has two sub-sections, while sub-section two is yet to be developed. During the period under review, the Group has also commenced pre-sale of the units in phase one of Changchun Golden Eagle World Project, which is planned to have five phases. The construction work of phase one is expected to be completed at the end of year 2021 and the pre-sold units are expected to be delivered to purchasers in the year 2022.

Sales of properties amounted to RMB159.9 million (1H2019: RMB281.4 million) with a total GFA of 20,231.0 square metres (1H2019: 31,529.6 square metres) being sold during the period under review. The sales were mainly contributed by the sales of properties at the Group's Yangzhou New City Centre Project which amounted to RMB112.6 million (1H2019: RMB194.0 million) and the sales of properties at Riverside Century Plaza Project in Wuhu City, Anhui Province (one of the projects acquired by the Group in the year 2015) which amounted to RMB47.3 million (1H2019: RMB87.4 million). Gross profit margin of the sales of properties during the period under review was 35.6% (1H2019: 32.2%). Sales of properties during the period under review were mainly contributed by the delivery of pre-sold phase two sub-section one units of Yangzhou New City Centre Project which carried a higher gross profit margin whereas sales of properties during the first half of 2019 were mainly contributed by the sales of car parking spaces which carried a lower gross profit margin than residential property sales.

The Group's total revenue amounted to RMB2,502.7 million, representing a decrease of 15.3% from the same period last year. The decrease in revenue was generally in line with the decrease in GSP.

Other income, gains and losses

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

The net amount of other income, gains and losses decreased by RMB228.7 million to RMB229.6 million for the six months ended 30 June 2020 from RMB458.3 million in the same period of 2019. Such decrease was primarily due to (i) the increase in net foreign exchange loss of RMB88.7 million from RMB14.1 million for the six months ended 30 June 2019 to RMB102.8 million for the six months ended 30 June 2020; and (ii) the decrease in gain on disposal/partial disposal of the Group's interests in associates of RMB116.4 million as no such disposals were made during the period under review while the Group disposed of its interests in Beijing Pop Mart Cultural & Creative Corp., Ltd. and partially disposed of its interests in Toebox Korea Ltd. in the first half of 2019.

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 RMB101.6 million or 8.4% year-on-year to RMB1,114.3 million for the six months ended 30 June 2020. Such decrease was generally in line with the decrease in direct sales and sales of properties.

Employee benefits expense

Employee benefits expense decreased by RMB37.2 million or 20.3% year-on-year to RMB145.8 million for the six months ended 30 June 2020. 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; (ii) the continuous investment in human resources for the implementation and development of the Group's "comprehensive lifestyle concept" and "interactive retail platform"; (iii) the decrease in contributions to state-managed retirement benefits schemes under the government's relief measures; and (iv) the comprehensive cost-saving measures implemented since the COVID-19 outbreak.

Employee benefits expense as a percentage of GSP remained stable at 2.3%.

Depreciation and amortisation

Depreciation and amortisation of property, plant and equipment, intangible asset and right-of-use assets decreased by RMB0.6 million or 0.3% year-on-year to RMB223.2 million for the six months ended 30 June 2020.

Depreciation and amortisation expenses as a percentage of GSP increased by 0.7 percentage point to 3.5% from 2.8% in the same period last year.

Rental expenses

Rental expenses decreased by RMB32.5 million or 20.4% year-on-year to RMB127.0 million for the six months ended 30 June 2020. The Group's rental arrangements were mainly pegged to sales of the respective stores which were operated in leased properties. The decrease in rental expenses is attributable to the decrease in sales of these stores and the rental concessions in an aggregate amount of RMB10.2 million granted by landlords during the period under review.

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

Other expenses

Other expenses decreased by RMB88.7 million or 24.3% year-on-year to RMB276.2 million for the six months ended 30 June 2020. 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 management's consistent and disciplined approach towards cost control and the comprehensive cost-saving measures implemented since the COVID-19 outbreak.

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Other expenses		
Utilities expenses	**71,694**	98,355
Property management fees	**59,471**	67,233
Cleaning, repair and maintenance expenses	**36,034**	49,878
Advertising and promotion expenses	**22,466**	30,179
Other tax expenses	**36,536**	43,207
Subcontracting service charges	**4,688**	17,075
Others	**45,302**	58,979
	276,191	364,906

Other expenses as a percentage of GSP decreased by 0.2 percentage point to 4.3% from 4.5% in the same period last year.

Share of losses of associates and joint ventures

Share of losses of associates and joint ventures mainly represented the Group's share of financial results of its 8.9%-owned (31 December 2019: 8.9%-owned) associate, Whittle School & Studios Holdings, Ltd. ("Whittle"). Whittle is principally engaged in the development and operation of private schools worldwide for students in the 3-18 age group. Whittle opened its first two campuses in September 2019. The net loss attributable to the Group amounted to RMB54.0 million (1H2019: RMB42.5 million) during the period under review.

Finance income

Finance income was mainly generated from bank deposits and various short-term bank related deposits placed by the Group in banks when the Group has surplus capital. Finance income increased by RMB6.4 million or 27.6% year-on-year to RMB29.6 million for the six months ended 30 June 2020. It was mainly because of the increase in interest income from loans to third parties in the amount of RMB3.6 million during the period under review.

Finance costs

Finance costs comprised of interest expenses for the Group's bank borrowings, senior notes and PRC medium-term notes. Finance costs decreased by RMB36.9 million or 17.0% year-on-year to RMB179.3 million for the six months ended 30 June 2020. Such decrease was primarily due to the net effect of: (i) the decrease in interest rates and the depreciation of RMB against HK$ and USD during the period under review; and (ii) the decrease in the average borrowings as compared with those in the same period last year. The Group's PRC medium-term notes were fully repaid in September 2019.

Income tax expense

Income tax expense of the Group decreased by RMB65.1 million or 18.7% year-on-year to RMB283.2 million. Effective tax rate for the period under review was 44.6% (1H2019: 33.9%). The year-on-year increase of 10.7 percentage points in effective tax rate was mainly due to the increase in non-deductible expenses, namely offshore net foreign exchange loss and share of losses of associates.

Profit for the period

Profit for the period decreased by RMB325.8 million or 48.0% year-on-year to RMB352.5 million. Net profit margin, which measures net profit as a percentage of GSP, was 5.5% (1H2019: 8.4%) for the six months ended 30 June 2020.

Profit from operations (net profit before interest, tax and other income and losses) decreased by RMB165.5 million or 15.6% year-on-year to RMB896.3 million (1H2019: RMB1,061.8 million), while EBITDA decreased by RMB166.0 million or 12.9% year-on-year to RMB1,119.5 million (1H2019: RMB1,285.5 million). The Group recorded a year-on-year decrease of 24.9% in EBITDA in the first quarter of the year and a year-on-year increase of 2.8% in the second quarter of the year.

On the other hand, profit from retail operations before depreciation and amortisation (net profit before depreciation, amortisation, interest, tax and other income and losses and excluding profit from property sales and hotel operations) ("Retail EBITDA") decreased by RMB129.9 million or 10.8% year-on-year to RMB1,070.1 million (1H2019: RMB1,200.0 million). The Group recorded a year-on-year decrease of 22.1% in Retail EBITDA in the first quarter of the year and a year-on-year increase of 2.7% in the second quarter of the year.

During the period under review, the aggregate net operating losses generated by 3 (1H2019: 3) loss-making stores amounted to RMB12.7 million (1H2019: RMB18.2 million). Among these stores, one of them commenced its operation in 2017.

Capital expenditure

Capital expenditure of the Group for the six months ended 30 June 2020 amounted to RMB133.1 million (1H2019: RMB232.6 million). The amount mainly comprised contractual payments made for acquisition of property, plant and equipment, construction of chain store projects on greenfield sites and the upgrade and/or expansion of the Group's existing retail spaces in order to enhance the shopping environment and the Group's competitiveness in its local markets.

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

As at 30 June 2020, the interests and short positions of the Directors, the chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long position in ordinary shares of HK$0.10 each of the Company ("Shares")

Name of Director/Chief Executive	Personal Interests	Corporate Interests	Total Interests	Total interests as percentage of the issued share capital
Mr. Wang Hung, Roger ("Mr. Wang")	4,250,000	1,094,741,000	1,098,991,000 (Note 1)	65.80%
Ms. Wang Janice S.Y. ("Ms. Wang")	11,590,000	1,094,741,000	1,106,331,000 (Note 2)	66.24%

Notes:

1. These 1,098,991,000 Shares comprised (i) 1,094,741,000 Shares beneficially held by the 2004 RVJD Family Trust's ("Family Trust") interest in GEICO Holdings Limited, 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.

2. These 1,106,331,000 Shares comprised (i) 1,094,741,000 Shares beneficially held by the Family Trust, under which Ms. Wang is a beneficiary; and (ii) 11,590,000 Shares held by Ms. Wang as the beneficial owner. By virtue of the SFO, Ms. Wang is deemed to be interested in all the Shares held by the Family Trust.

Save as disclosed above, as at 30 June 2020, none of the Directors, chief executive nor their associates had an interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations required to be disclosed under the SFO or the Model Code.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2020, the register of substantial shareholders and other persons maintained by the Company pursuant to section 336 of the SFO showed that other than the interests disclosed above in respect of certain Directors and the chief executive of the Company, the following shareholders had notified the Company of their relevant interests and 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 Limited (Note 1)	Interest in controlled corporation	1,094,741,000	65.55%
Golden Eagle International Retail Group Limited (Note 1)	Beneficial owner	1,094,741,000	65.55%
RVJD Holding Limited (Note 2)	Interest in controlled corporation	165,880,000	9.93%
RVJD STAR Company (Note 2)	Beneficial owner	165,880,000	9.93%
ICFI HK (U.S.A.) Investments, LLC	Beneficial owner	119,232,588	7.14%

Notes:

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

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, the family trust of Mr. Wang. Cititrust Private Trust (Cayman) Limited is the trustee.

Save as disclosed above, as at 30 June 2020, 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.

SHARE OPTION SCHEME

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

During the six months ended 30 June 2020, no share options were exercised, lapsed nor forfeited. As at 30 June 2020, there were a total of 1,300,000 Shares available for issue pursuant to options that were granted under the Scheme, representing approximately 0.08% of the entire issued share capital of the Company as at the date of this report.

Movements of the Company's share options during the period and outstanding as at 30 June 2020 were as follows:

	Number of share options outstanding at 1 January 2020 and at 30 June 2020	Date of Grant	Exercise period (Note)	Exercise price	Price of the Company's Share immediately before the grant date
				HK$	HK$
Key management	700,000	20 October 2010	20 October 2011 to 19 October 2020	19.95	20.00
Other employees	600,000	20 October 2010	20 October 2011 to 19 October 2020	19.95	20.00
Total and exercisable at 30 June 2020	1,300,000				

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

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

STATUS OF CONNECTED TRANSACTIONS PENDING COMPLETION

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

Xinjiekou Block B Framework Agreement

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

The consideration of RMB875.0 million (subject to adjustment) for the acquisition of Nanjing 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 Nanjing 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 Nanjing Xinjiekou Store Block B Property to the Group.

The purpose of the acquisition of Nanjing Xinjiekou Store Block B Property with an estimated aggregate GFA of 50,000 square metres 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 Nanjing Xinjiekou Store Block B Property was completed and 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 昆山金鷹置業有限公司(Kunshan Golden Eagle Properties Co., Ltd.*) ("Kunshan Golden Eagle Properties"), a fellow subsidiary of the Company ultimately wholly-owned by Mr. Wang and a connected person (as defined in the Listing Rules) of the Company, for the acquisition of a property which is situated at Kunshan City, Jiangsu Province.

The property comprises the whole of 1st to 8th floors and basements B1 and B2 of Kunshan Tiandi Project (as defined in the circular dated 21 April 2011) 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 City with an estimated aggregate GFA of approximately 400,000 square metres and is legally and beneficially owned by Kunshan Golden Eagle Properties.

The consideration of RMB1,125.8 million (subject to adjustment) for the acquisition of Kunshan Property was calculated based on RMB9,500 per square 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 commenced soft opening in January 2015. It is anticipated that the title of Kunshan Property will be transferred to the Group on or before 31 December 2021.

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 where the Group is already enjoying a leading position.

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

* For identification purpose only

DISCLOSURE UNDER RULES 13.18 AND 13.21 OF THE LISTING RULES

On 12 April 2018, the Group entered into a dual-currency three-year syndicated loan facility agreement in the principal amounts of up to USD430.0 million and HKD1,781.0 million (in aggregate equivalent to approximately RMB4,130.8 million) with a group of financial institutions which will be due for full repayment in April 2021 (the "Syndicated Loan Agreement").

Pursuant to the terms of the Syndicated Loan Agreement, it will constitute, among others, an event of default if at any time when the entire or part of the syndicated loan facility remains outstanding, Mr. Wang ceases to (i) hold directly or indirectly not less than 51% of the beneficial interest in the Company; (ii) be the single largest shareholder of the Company; (iii) be the Chairman and executive Director of the Company; or (iv) maintain the management control of the Company or have the right to determine the composition of majority of the Board. Upon occurrence of an event of default, all outstanding loans together with accrued interest and any other amounts accrued under the Syndicated Loan Agreement may become immediately due and payable. The facility was fully utilised and remained outstanding as at 30 June 2020.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2020, the Group's cash and near cash (including bank balances and cash, restricted cash and structured bank deposits) amounted to RMB5,846.1 million (31 December 2019: RMB5,804.4 million) whereas the Group's total borrowings (including bank borrowings and senior notes) amounted to RMB6,896.0 million (31 December 2019: RMB6,728.0 million). For the six months ended 30 June 2020, the Group's net cash generated from operating activities amounted to RMB790.0 million (1H2019: RMB24.2 million); net cash used in investing activities amounted to RMB14.2 million (1H2019: net cash generated from investing activities amounted to RMB172.2 million); and net cash used in financing activities amounted to RMB585.0 million (1H2019: RMB441.5 million).

As at 30 June 2020, the Group's bank borrowings amounted to RMB4,229.9 million (31 December 2019: RMB4,102.6 million), which comprised of its three-year dual-currency syndicated loan to be due in April 2021 amounted to RMB4,099.9 million (31 December 2019: RMB4,022.6 million) and short-term bank loans amounted to RMB130.0 million (31 December 2019: RMB80.0 million), and senior notes amounted to RMB2,666.1 million (31 December 2019: RMB2,625.4 million). The Group's PRC medium-term notes with the principal sum of RMB1,500.0 million due in September 2019 were fully repaid during the year 2019.

Total assets of the Group as at 30 June 2020 amounted to RMB22,592.7 million (31 December 2019: RMB22,942.3 million) whereas total liabilities of the Group amounted to RMB15,732.3 million (31 December 2019: RMB15,988.3 million), resulting in a net assets position of RMB6,860.4 million (31 December 2019: RMB6,954.0 million). The gearing ratio, which is calculated by having the Group's total borrowings divided by its total assets, increased to 30.5% as at 30 June 2020 (31 December 2019: 29.3%).

CONTINGENT LIABILITIES

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

FOREIGN EXCHANGE EXPOSURE

Certain bank balances and cash, equity investments, bank loans and senior notes of the Group are denominated in HK$ or USD, which exposed the Group to foreign exchange risks associated with the fluctuations in exchange rates between HK$ vs. RMB and USD vs. RMB. Currently, the Group has not entered into any contracts to hedge against its foreign currency exposure and will consider hedging measures should the needs arise. During the period under review, the Group recorded a net foreign exchange loss of RMB102.8 million (1H2019: RMB14.1 million). The Group's operating cash flows are not subject to any exchange fluctuation.

EMPLOYEES

As at 30 June 2020, the Group employed a total of 2,780 employees (31 December 2019: 3,300 employees) with remuneration in an aggregate amount of RMB145.8 million (1H2019: RMB183.0 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.

DIVIDENDS

The Directors have resolved that an interim dividend of RMB0.118 per share (1H2019: RMB0.118 per share) be declared and is expected to be paid on or before Thursday, 24 September 2020 to those shareholders of the Company whose names appear on the Register of Members of the Company at the close of business on Thursday, 10 September 2020.

In order to be qualified for the interim dividend, 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 Thursday, 10 September 2020, which is also the record date for the distribution of interim dividend.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the six months ended 30 June 2020, the Company repurchased an aggregate of 8,917,000 of its own issued ordinary shares through the Stock Exchange at an aggregate consideration of HK$66.1 million (equivalent to RMB60.4 million).

The repurchases were effected by the Directors for the enhancement of shareholders' value. All the repurchased shares were subsequently cancelled. Save for the aforesaid, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period under review.

CORPORATE GOVERNANCE

The Directors are of the opinion that the Company has complied with the Corporate Governance Code as stipulated in Appendix 14 to the Listing Rules (the "Code") for the six months ended 30 June 2020, except for provision A.2.1. of the Code. Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

During the year ended 31 December 2019 (as disclosed in the Corporate Governance Report of the Company in its 2019 annual report) and during the period under review, Mr. Wang Hung, Roger acted as both the chairman of the Board and the chief executive officer of the Company and took a leading role in the day-to-day management and was responsible for the effective functioning of the Board. Since November 2018, Mr. Li Pei, the President of the Company, has been responsible for assisting the chairman in the overall strategic development of the Group and the Group's senior management team is responsible for implementation of business strategy and management of the day-to-day operations of the Group's business. Subsequent to the end of the interim period, Mr. Chen Yihang (陳毅杭) has been appointed as the chief executive officer of the Company with effect from 26 August 2020 and since 26 August 2020, provision A.2.1 of the Code has been complied with.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as stipulated in Appendix 10 to the Listing Rules as its own code of conduct regarding Director's securities transactions. Specific enquiry has been made to all Directors, and the Directors have confirmed that they have complied with all relevant requirements as stipulated in the Model Code during the six months ended 30 June 2020.

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

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

PLEDGE OF ASSETS

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

AUDIT COMMITTEE

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

ACKNOWLEDGEMENT

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

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

Hong Kong, 26 August 2020