



Intime Department Store (Group) Company Limited

銀泰百貨(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1833

2007 Interim Report





Contents

Corporate Profile	2
Corporate Information	3
Management Discussion and Analysis	5
Other Information	11
Interim Condensed Consolidated Income Statement	15
Interim Condensed Consolidated Balance Sheet	16
Interim Condensed Consolidated Statement of Changes in Equity	18
Interim Condensed Consolidated Cash Flow Statement	19
Notes to the Interim Condensed Consolidated Financial Statements	20

Corporate Profile

Intime Department Store (Group) Company Limited (the “Company”) was incorporated in the Cayman Islands with limited liability on 8 November 2006. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 20 March 2007. Pursuant to a reorganization arrangement of the Group in preparation for the listing on the Stock Exchange (the “Reorganization”), the Company became the holding company of the domestic operating entities engaging in department store business and their subsidiaries.

The Group commenced its department store business in 1998 when its first department store was established in Hangzhou, namely the Hangzhou Wulin store. After eight years of development, the Group has developed into a large-scale department store chain in Zhejiang province that owns five department stores and holds equity interests in two domestic listed department store companies — Baida Group Co., Ltd. (“Baida”) and Wuhan Department Store Group Co., Ltd. (“Wushang”).

The Group currently wholly owns five department stores located in the principal cities within Zhejiang province, with one store each in Hangzhou, Wenzhou and Jinhua, and two in Ningbo. The Group has become the largest department store chain in Zhejiang province in terms of sales. In terms of sales per square meter, the operating results of the Group’s flagship Hangzhou Wulin store outperforms its peers within Zhejiang province.

The Group sets “Bring you a new lifestyle” as its motto and targets youth and modern families as major customers. The Group positions its sales in the medium to high-end merchandise with a commitment to offer excellent shopping experiences.

Corporate Information

REGISTERED OFFICE

P.O. Box 309GT
Ugland House
South Church Street, George Town
Grand Cayman
Cayman Islands

HEAD OFFICE

42nd Floor
Yintai Centre Tower C
2 Jianguomenwai Avenue
Beijing 100022
PRC
Tel: +86 10 65057260
Fax: +86 10 65688886
Email: info@intime.com.cn

PLACE OF BUSINESS IN HONG KONG

Room 1707, Tower II
Admiralty Centre
18 Harcourt Road
Hong Kong

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

CHOW Hok Lim (*FCCA, CPA, CFA*)

AUTHORIZED REPRESENTATIVES

CHING Siu Leung
No. 501, Unit 1, Building 4
Qianmen East Street
Beijing, PRC

CHOW Hok Lim
Flat 2405, Block A
Kornhill
Quarry Bay
Hong Kong

AUDIT COMMITTEE

LEE Lawrence (*Chairman*)
CHOW Joseph
CHEN Dagang

REMUNERATION COMMITTEE

CHING Siu Leung (*Chairman*)
CHEN Dagang
CHOW Joseph

NOMINATION COMMITTEE

XIN Xiang Dong (*Chairman*)
LEE Lawrence
CHOW Joseph

STRATEGIC DEVELOPMENT COMMITTEE

SHEN Guojun (*Chairman*)
CHING Siu Leung
CHOW Joseph

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
George Town, Grand Cayman
Cayman Islands

Corporate Information

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong
Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

JP Morgan Chase Bank N.A.
20/F JP Morgan Tower
138 Shatin Rural Committee Road
Shatin
New Territories
Hong Kong

China Construction Bank Co. Ltd.
Hangzhou Zhongshan Branch
No. 297 Zhongshanbeilu
Hangzhou, Zhejiang 310003
PRC

COMPLIANCE ADVISER

Guotai Junan Capital Limited
27th Floor, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Management Discussion and Analysis

Business Overview

Industry Overview

In the first half of 2007, according to information published by the National Bureau of Statistics of China, the PRC economy continued to grow steadily and rapidly with a GDP growth of 11.5%, which is 0.5% over the same period of last year. Underpinned by rising disposable incomes of urban households and the widespread pursuit of higher-quality lifestyle, the total retail sales of consumer goods in the PRC during the first half of 2007 amounted to approximately RMB4,204.4 billion, representing an increase of about 15.4% from the corresponding period of last year.

The Group has continued to operate under a favorable macroeconomic environment in Zhejiang province. In the first half of 2007, the GDP of Zhejiang province has increased to RMB834.4 billion, representing an increase of about 14.7% from the corresponding period of last year. The per capita disposable income of urban household in Zhejiang province has surged by approximately 11.9% as compared to the corresponding period of last year. Driven by the residents' increasing consumption power, the total retail sales of consumer goods in Zhejiang province has risen to about RMB297.6 billion, representing a strong growth of 15.7% from the corresponding period of last year.

Operational Review

During the period under review, the Group's department stores achieved a strong gross sales growth rate of 27.5%. This was the result of the continuous improvement in operational efficiency, better merchandise mix and brand selection, friendly customer services and more organized sales and promotional campaigns.

The Group further strengthened its position as the leading department store chain in Zhejiang province by opening Jinhua Fuhua store and Wenzhou Shimao store in January 2007 and February 2007 respectively. These new stores added a total of 67,312 square meters of retailing space to our existing portfolio. In addition, the Group has entered into a joint-venture agreement with a leading foreign retail franchise, Lotte Shopping Company Limited, the largest department store operator in the Republic of Korea, to jointly operate a department store located in Wangfujing, Beijing. Through such cooperation, the Group expects to acquire world-class retail operation and management expertise and enhance the Group's operation and management standards.

On 20 June 2007, the Company appointed a member to the board of directors of Wushang and started to exercise a certain level of influence on Wushang's management and operation. The Group currently owns 22.62% equity interest in Wushang, which is the largest department store group in Hubei province. The Group will continue to explore opportunities of further cooperation and integration with Wushang.

Management Discussion and Analysis

The term of the lease for the premises at which our Ningbo store No. 1 is located has been successfully extended to 31 March 2025 from a previous termination date of 31 July 2017. This revised lease term will further enable the Company to conduct the Group's business on a long term basis with security of tenure. In addition, we obtained the Building Ownership Certificate in respect of the Group's office premise located at Room 701, No. 528 Yan'an Road, Hangzhou, Zhejiang Province, PRC in August 2007.

On 10 April 2007, Zhejiang Intime, a wholly-owned subsidiary of the Company, entered into a capital increase framework agreement with the equity holders of 杭州新泰房地產開發有限公司 (Hangzhou Xintai Property Development Co., Ltd.) ("Xintai") and the equity holders of 浙江浙聯房產集團有限公司 (Zhejiang Zhelien Property Group Co., Ltd.) ("Zhelian Property"). Xintai and Zhelian Property are the joint owners of a property development project in Hangzhou, PRC. Pursuant to the agreement, Zhejiang Intime conditionally agreed, amongst other things, to make a capital contribution of RMB500,000,000 to Xintai in return for 50% equity interest in the enlarged registered capital of Xintai, subject to entering into specific transaction agreements and other documentation in relation thereto. Zhejiang Intime has not yet been required to make any such capital contribution as of 30 June 2007.

On 10 September 2007, Intime Investment Management, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement and a loan assignment agreement with Zhelian Property, pursuant to which Intime Investment Management has agreed to acquire and Zhelian Property has agreed to sell: 1) a 33% equity interest in 杭州海威房地產開發有限公司 (Hiwell Real Estate Company Limited) ("Hiwell Real Estate") for a total cash consideration of RMB33,000,000.00 and; 2) the outstanding shareholder's loan made by Zhelian Property to Hiwell Real Estate for a total cash consideration of RMB204,808,370.96. Through the acquisition, the Group intends to acquire the department store property currently under development by Hiwell Real Estate and plans to use it to expand and further enhance the Group's market leadership position in Hangzhou retail market.

On 10 September 2007, the Company was admitted as a constituent of the 200-stock Hang Seng Composite Index Series.

Prospects

For the second half of 2007, on the basis that the PRC economy will continue to maintain its steady and robust growth, the Group believes that retail sales of consumers goods will also continue to rise. Under such a favorable macro-economic environment, the department store industry in the PRC offers great growth potential. Our two new stores, Ningbo Wanda store and Hangzhou Yuhang store, are expected to be opened in the second half of 2007. We are confident of the Group's prospects for the year of 2007.

Going forward, the Group will continue to enhance its core competitive edge, expand store footprint and further secure its leadership position in the Zhejiang province, and explore opportunities to achieve broader nationwide business coverage. The Group will also work more closely with the management of companies in which it holds minority interests and explore more opportunities for mutually beneficial business integration. The Group will continue to seek acquisition opportunities, targeting strategic retail assets, commercial properties and businesses of attractive department stores, with a goal to extend its existing regional dominance and to gradually establish a leading nation-wide department store chain.

Management Discussion and Analysis

With the concerted efforts from our employees, we believe that the Group's core competence will be further strengthened and the Group will deliver more value to our shareholders and customers.

Financial Review

The Group's business achieved significant growth in the first half of 2007. For the six months ended 30 June 2007, the revenue of the Group amounted to approximately RMB405,862,000, representing an increase of approximately 22.5% from the corresponding period of last year. Profit attributable to the equity holders of the parent increased by approximately 63.8% to approximately RMB172,419,000. Basic earnings per share was approximately RMB0.11.

Total gross sales proceeds and revenue

For the six months ended 30 June 2007, total gross sales proceeds of the Group (that is, aggregate proceeds from direct sales and gross revenue from concessionaire sales) reached RMB1,549.8 million, an increase of 27.5% over the corresponding period of last year. This increase was primarily attributable to the opening of the Jinhua Fuhua store and Wenzhou Shimao store in early 2007, the rapid growth in sales in the two Ningbo stores, and the steady growth in sales in Hangzhou Wulin store. In respect of total sales proceeds contributed by all stores of the Group, Hangzhou Wulin Store accounted for approximately 53.1% of total sales proceeds. Ningbo Store No. 1 and Ningbo Store No. 2 contributed approximately 17.9% and 20.2% of total sales proceeds of the Group, respectively.

In the first half of 2007, commission from concessionaire sales and revenue from direct sales accounted for approximately 73% and 26% of the Group's revenue, respectively. Commission rate from concessionaire sales was approximately 20.6%, up from approximately 20.4% in the first half of 2006. The Group will conduct regular reviews on the performance of the Group's suppliers and concessionaires, with the aim to enhance and strengthen product portfolios and provide better shopping choices to its customers.

Other Operating Income

For the six months ended 30 June 2007, the Group's other revenues were approximately RMB91,622,000, representing an increase of approximately 466.4% as compared to the corresponding period of last year. The increase was mainly due to the significant increase in one-off interest income derived from the over-subscription funds for the new shares and the interest income derived from the newly raised fund during the period.

Purchase of and change in inventories

For the six months ended 30 June 2007, the Group's purchases of and changes in inventories amounted to approximately RMB79,800,000, representing an increase of approximately 2.7% as compared to the corresponding period of last year. The increase was mainly attributable to increased demand for inventories driven by sales of goods in the first half of 2007. The direct sales gross profit margin for the period was maintained at a level of 24.3%, representing an increase of 1.9% from 22.4% for the corresponding period of last year. Such margin expansion was mainly due to enhancement in merchandise mix.

Management Discussion and Analysis

Staff costs

For the six months ended 30 June 2007, the Group's staff costs increased by RMB7,927,000 or 33% to RMB31,866,000, which was primarily attributable to increased employee numbers due to the opening of new stores in early 2007. Staff costs as a percentage of revenue for the period was 7.9%, representing a marginal increase of 0.7% from 7.2% for the corresponding period of last year. This increase was primarily attributable to an increase in new employees due to the opening of new stores in Zhejiang province and in preparation for the opening of additional stores, and increase in wages.

Depreciation and amortization

For the six months ended 30 June 2007, the Group's depreciation and amortization increased to RMB19,091,000, representing an increase of 89.9% from the corresponding level of last year. The increase was primarily attributable to the inclusion of depreciation cost and amortization of land use rights for the new stores opened.

Other operating expenses

For the six months ended 30 June 2007, the Group's other operating expenses was approximately RMB119,525,000, representing an increase of approximately 60.8% from the corresponding period of last year. The increase was mainly due to the one-off expenses for the listing of shares of the Company on the Stock Exchange in March 2007 and the increase of rental expenses for the opening of new stores in early 2007.

Operating profit

For the six months ended 30 June 2007, the Group's operating profit increased to RMB247,202,000, representing an increase of 31.8% as compared to the corresponding period of last year. The increase was mainly due to the higher growth rate of revenue than that of operating expenses for the period.

Finance costs

For the six months ended 30 June 2007, the Group's finance costs was approximately RMB24,618,000, representing an increase of 52.3% as compared to the corresponding period of last year. The increase was mainly attributable to increase in bank borrowing to finance business operations.

Management Discussion and Analysis

Income tax expense

For the six months ended 30 June 2007, the Group's income tax expense was RMB51,132,000, representing a decrease of 3.6% as compared to the corresponding period of last year. Effective tax rate of the Group for the period was 23%, a decrease of 7.9% from 30.9% for the same period of last year. The decrease was mainly attributable to the inclusion of higher portion of non-taxable interest income of the Company during the period.

Profit attributable to equity holders of the parent

Profit attributable to equity holders of the parent for the six months ended 30 June 2007 was approximately RMB172,419,000, showing an increase of 63.8% from RMB105,266,000 for the corresponding period of last year. Margin of profit attributable to equity holders of the parent for the period was 42.5%, representing an increase of 10.7% from 31.8% for the corresponding period of last year.

Liquidity and financial resources

As at 30 June 2007, the Group's cash and cash equivalents amounted to RMB2,127,178,000 (31 December 2006: RMB317,861,000). This increase was mainly due to the cash inflow from operating activities and proceeds from the issuance of new shares.

As at 30 June 2007, total borrowings were approximately RMB940,000,000 (31 December 2006: RMB649,000,000). All of the borrowings were short-term bank borrowings and denominated in Renminbi.

The gearing ratio is defined as net debt (represented by borrowings net of cash and cash equivalents) divided by equity. The gearing ratio decreased from approximately 36.5% at 31 December 2006 to nil as at 30 June 2007.

Net current assets/liabilities

The net current liabilities position of approximately RMB588,188,000 as at 31 December 2006 has been improved to a net current asset position of approximately RMB1,587,488,000 as at 30 June 2007. This improvement was mainly due to the cash inflow from operating activities and proceeds from the issuance of new shares.

Contingent Liabilities

As at 30 June 2007, the Group had no material contingent liabilities.

Management Discussion and Analysis

Pledge of Assets

As at 30 June 2007, certain buildings, investment properties and land use rights with carrying amount of approximately RMB176,405,000 had been pledged to the Industrial and Commercial Bank of China to obtain bank loans of RMB400,000,000 and a time deposit amount of approximately RMB219,231,000 had been pledged to the ABN AMRO to obtain bank loans of RMB200,000,000.

Foreign Exchange Risk

Substantially all the revenue and expenses of the Group are settled in Renminbi. Most of the assets and liabilities of the Group are denominated in Renminbi except proceeds from the listing which were denominated in Hong Kong dollars. The fluctuation of Renminbi will expose the Group to foreign exchange risk. The Group has not used any derivatives to hedge the potential foreign exchange risk.

Human Resources

As at 30 June 2007, the Group had about 1,118 employees. The Group strives to offer a good working environment, a diversified range of training programs as well as an attractive remuneration package to the employees. The Group endeavors to motivate its staff with performance-based remuneration. On top of basic salary, staff with outstanding performance will be rewarded by way of cash bonuses, share options, honorary awards or a combination of all the above to further align the interests of the employees and the Company, to attract talented individuals, and to create long-term incentive for the staff.

Other Information

DISCLOSURE OF INTERESTS

Directors' interests in the securities of the Company and its associated corporations

As at 30 June 2007, the interests of each Director and the chief executive of the Company in the ordinary shares of the Company required to be recorded in the register to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Name of Directors	Nature of Interest	Number and class of securities ⁽²⁾	Approximate percentage of interest in such corporation
Mr. Shen Guojun	Corporate Interest ⁽¹⁾	L769,652,255	42.76%
Mr. Ching Siu Leung	Beneficial ⁽³⁾	L2,200,000	0.12%
Mr. Xin Xiangdong	Nil	Nil	Nil
Mr. Chen Dagang	Nil	Nil	Nil
Mr. Lawrence Lee	Nil	Nil	Nil
Mr. Joseph Chow	Nil	Nil	Nil

Notes:

- (1) Mr. Shen Guojun is the beneficial owner of the entire share capital of Fortune Achieve Group Ltd., which in turn is the beneficial owner of the entire issued share capital of Glory Bless Limited, which in turn is the beneficial owner of the entire issued share capital of Intime International Holdings Limited, which holds 769,652,255 Shares.
- (2) The Letter "L" denotes the person's long position in such Shares.
- (3) Mr. Ching was granted options under the Company's Share Option Scheme on 21 March 2007 exercisable in respect of a total of 2,200,000 shares in the Company over a vesting period.

Save as disclosed above, as at 30 June 2007, none of the Directors, the chief executive and any other person had any long or short positions in the shares, underlying shares or debentures of the Company as recorded in the register required to be kept under section 336 of the SFO.

Other Information

SUBSTANTIAL SHAREHOLDERS

As at the 30 June 2007, so far as was known to the Directors, persons having interests and short positions in 5% or more in the shares, underlying shares and debentures of the Company as recorded in the register of interests and short positions required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name of shareholder	Nature of Interest	Number of Ordinary Shares ⁽¹⁾	Approximate percentage of interest in the Company
Mr. Shen Guojun ⁽²⁾	Corporate Interest	L769,652,255	42.76%
Fortune Achieve Group Ltd. ⁽²⁾	Corporate Interest	L769,652,255	42.76%
Glory Bless Limited ⁽²⁾	Corporate Interest	L769,652,255	42.76%
Intime International Holdings Limited ⁽²⁾	Beneficial Interest	L769,652,255	42.76%
Warburg Pincus & Co. ⁽³⁾	Corporate Interest	L405,000,000	22.50%
Warburg Pincus Partners LLC ⁽³⁾	Corporate Interest	L405,000,000	22.50%
Warburg Pincus IX, LLC ⁽³⁾	Corporate Interest	L202,500,000	11.25%
Warburg Pincus Private Equity IX, L.P. ⁽³⁾	Beneficial Interest	L202,500,000	11.25%
Warburg Pincus International Partners, L.P. ⁽³⁾	Beneficial Interest	L194,100,300	10.78%
UBS AG	Corporate Interest	L92,056,000	5.11%

Notes:

- (1) The letter "L" denotes the person's long position in such Shares.
- (2) Mr. Shen Guojun is the beneficial owner of the entire issued share capital of Fortune Achieve, which in turn is the beneficial owner of the entire issued share capital of Glory Bless, which in turn is the beneficial owner of the entire issued share capital of Intime International, which holds 769,652,255 Shares.
- (3) Warburg Pincus Private Equity IX L.P. and Warburg Pincus International Partners, L.P. are part of the Warburg Pincus Funds. The direct general partner of Warburg Pincus Private Equity IX, L.P. is Warburg Pincus IX, LLC. Warburg Pincus IX, LLC is therefore deemed to be interested in the shares held by Warburg Pincus Private Equity IX, L.P. The controlling entity of the Warburg Pincus Funds is Warburg Pincus Partners LLC, which is a subsidiary of Warburg Pincus & Co. Each of Warburg Pincus Partners LLC and Warburg Pincus & Co. is therefore deemed to be interested in the shares held by the Warburg Pincus Funds, which includes Warburg Pincus International Partners, L.P. and Warburg Pincus Private Equity IX L.P. as well as five other funds.

Other Information

SHARE OPTION SCHEME

Pursuant to the Company's share option scheme approved by the resolution of the Company's shareholders dated 24 February 2007, the Company may grant options to any employee, management member or director of the Company, or any of the Company's subsidiaries and third party service providers. The purpose of the Share Option Scheme is to attract skilled and experienced personnel, to incentivise them to remain within the Group and to give effect to the Group's customer-focused corporate culture, and to motivate them to strive for the Group's future development and expansion, by providing them with the opportunity to acquire equity interests in the Company.

The Share Option Scheme will remain valid for a period of ten years commencing on 20 March 2007. The period with which the Options must be exercised will be specified by the Company at the time of grant and must expire no later than 10 years from the date of grant of the Option (being the date on which the board makes a written offer of grant of the Option to the relevant proposed beneficiary) unless the Company obtains separate shareholder approval in relation to such grant.

The subscription price for the shares under the Share Option Scheme will not be less than the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant; and (iii) the nominal value of a share.

On 21 March 2007, 11,600,000 share options at an exercise price of HK\$6.44 each for the purpose of providing incentives to director and eligible employees were granted. These options will expire two to five years from the grant date.

Details of the share options outstanding during the current period are as follows:

	Number of share option
Granted during the period and outstanding as at 30 June 2007	11,600,000
Exercisable at 30 June 2007	—

PURCHASE, SALE AND REDEMPTION OF COMPANY'S SHARE

Since the listing of shares on 20 March 2007 to the date of this report, the Group has not purchased, sold or redeemed any of the Company's listed shares.

Other Information

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the period from the date of listing of shares to 30 June 2007.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Board is of the view that the Company has complied with Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules for the period from the date of listing to 30 June 2007 except that Mr. SHEN Guojun, the Chairman of the Company, was unable to attend the 2007 Annual General Meeting due to business reasons. However, Mr. Xin Xiangdong, the Chairman of our Nomination Committee and a non-executive director of our Company, presided as chairman of the Annual General Meeting, and Mr. Xin, and Mr. Zhou Minghai, our President, and Mr. Chen Xiaodong, our Chief Financial Officer and Vice President, were present to answer any questions raised by shareholders at the Annual General Meeting.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules ("Model Code") as its own code of conduct regarding Director's securities dealing.

The Board is pleased to confirm, after making specific enquiries with the Directors, that all Directors have fully complied with the code provisions of Model Code from the date of listing to 30 June 2007.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal control and financial reporting with the management, including the review of the unaudited condensed interim accounts for the period ended 30 June 2007 of the Company. The Audit Committee considered that the interim financial report for the six months ended 30 June 2007 is in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

APPRECIATION

The Board would like to express its sincere appreciation to the shareholders, customers, suppliers and staff for their continued support to the Group.

By Order of the Board
Intime Department Store (Group) Company Limited
Shen Guojun
Chairman

Hong Kong, 13 September 2007

Interim Condensed Consolidated Income Statement

For the six months ended 30 June 2007

	Notes	For the six months ended 30 June	
		2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
Revenue	3	405,862	331,217
Other income	4	91,622	16,177
Purchases of and changes in inventories		(79,800)	(77,720)
Staff costs		(31,866)	(23,939)
Depreciation and amortisation		(19,091)	(10,052)
Other operating expenses		(119,525)	(74,326)
Gain on receipt of shares from share reform of a listed company		—	24,514
Other gains — net		—	1,680
Operating profit		247,202	187,551
Finance costs	5	(24,618)	(16,166)
Profit before income tax	6	222,584	171,385
Income tax expense	7	(51,132)	(53,033)
Profit for the period		171,452	118,352
Attributable to:			
Equity holders of the parent		172,419	105,266
Minority interests		(967)	13,086
Earnings per share for profit attributable to the equity holders of the parent during the period (expressed in RMB per share)			
— Basic	8	0.11	0.08
— Diluted	8	0.11	N/A
Dividends	9	—	—

Interim Condensed Consolidated Balance Sheet

As at 30 June 2007

	Notes	As at 30 June 2007 (Unaudited) RMB'000	As at 31 December 2006 (Audited) RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	180,093	147,019
Investment properties	10	1,185	6,490
Land use rights	10	329,587	64,034
Intangible assets		246	286
Prepaid rental		12,433	3,325
Available-for-sale financial assets	11	1,461,117	1,459,474
Investment in an associate	12	425,544	—
Deferred income tax assets		4,271	1,106
		2,414,476	1,681,734
Current assets			
Inventories	13	22,032	25,763
Deposits, prepayments and other receivables	14	476,268	134,836
Due from related parties	23	125,882	50,746
Held-to-maturity investments		20,000	20,000
Cash in transit	15	10,438	15,159
Pledged deposits	16	219,231	—
Cash and cash equivalents	16	2,127,178	317,861
		3,001,029	564,365
Total assets		5,415,505	2,246,099

Interim Condensed Consolidated Balance Sheet

As at 30 June 2007

	Notes	As at 30 June 2007 (Unaudited) RMB'000	As at 31 December 2006 (Audited) RMB'000
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	17	140	105
Reserves		3,665,153	908,303
		3,665,293	908,408
Minority interests		107,033	—
Total equity		3,772,326	908,408
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		229,638	185,138
		229,638	185,138
Current liabilities			
Trade payables	18	235,587	269,708
Other payables	19	204,263	200,167
Due to related parties		3,219	8,871
Income tax payable		30,472	24,807
Interest-bearing borrowings	20	940,000	649,000
		1,413,541	1,152,553
Total liabilities		1,643,179	1,337,691
Total equity and liabilities		5,415,505	2,246,099
Net current assets/(liabilities)		1,587,488	(588,188)
Total assets less current liabilities		4,001,964	1,093,546

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2007

	Attributable to the equity holders of the parent											
	Share capital	Share premium	Merger reserve	Capital reserve	Reserve for fair value changes of available-for-sale financial assets	Statutory reserves	Retained earnings	Currency translation	Option	Subtotal	Minority interest	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended 30 June 2007												
(Unaudited)												
At 1 January 2007	105	—	299,895	133,842	354,330	45,626	74,867	(257)	—	908,408	—	908,408
Profit for the period	—	—	—	—	—	—	172,419	—	—	172,419	(967)	171,452
Issue of shares	35	2,403,703	—	—	—	—	—	—	—	2,403,738	—	2,403,738
Share issue costs	—	(84,822)	—	—	—	—	—	—	—	(84,822)	—	(84,822)
Employee share option scheme-value of employee services	—	—	—	—	—	—	—	—	1,051	1,051	—	1,051
Capital contribution by the minority interest	—	—	—	—	—	—	—	—	—	—	108,000	108,000
Change in fair value of available-for-sale financial assets, net of tax	—	—	—	—	1,429,821	—	—	—	—	1,429,821	—	1,429,821
Reverse previously recognised fair value changes on available-for-sale investment upon transfer to investment in associate	—	—	—	—	(1,152,982)	—	—	—	—	(1,152,982)	—	(1,152,982)
Effect of changes in tax rate for provision of deferred taxation on fair value changes on available-for-sale financial assets	—	—	—	28,346	—	—	—	—	—	28,346	—	28,346
Currency translation differences	—	—	—	—	—	—	—	(40,686)	—	(40,686)	—	(40,686)
At 30 June 2007	140	2,318,881	299,895	133,842	659,515	45,626	247,286	(40,943)	1,051	3,665,293	107,033	3,772,326
Six months ended 30 June 2006												
(Unaudited)												
At 1 January 2006	105	—	211,695	20,162	8,846	27,872	32,014	(55)	—	300,639	177,223	477,862
Profit for the period	—	—	—	—	—	—	105,266	—	—	105,266	13,086	118,352
Capital contribution by equity holders of subsidiaries	—	—	29,284	—	—	—	—	—	—	29,284	19,522	48,806
Change in fair value of available-for-sale financial assets, net of tax	—	—	—	—	295,939	—	—	—	—	295,939	30,171	326,110
Currency translation differences	—	—	—	—	—	—	—	(161)	—	(161)	—	(161)
Acquisition of minority interests	—	—	114,000	34,146	4,738	19,597	—	—	—	172,482	(172,482)	—
At 30 June 2006	105	—	354,979	54,308	309,523	47,469	137,280	(216)	—	903,449	67,520	970,969

Interim Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2007

	For the six months ended 30 June	
	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
Net cash generated from operating activities	133,933	123,315
Net cash used in investing activities	(1,035,242)	(476,781)
Net cash flows generated from financing activities	2,753,142	336,885
Increase/(Decrease) in cash and cash equivalents	1,851,833	(16,581)
Cash and cash equivalents at beginning of the period	317,861	198,305
Effects of foreign exchange rate changes, net	(42,516)	—
Cash and cash equivalents at end of the period	2,127,178	181,724

Notes to the Interim Condensed Consolidated Financial Statements

As at 30 June 2007

1. General information

Intime Department Store (Group) Company Limited (the “Company”) was incorporated in the Cayman Islands on 8 November 2006 as an exempted company with limited liability under the Cayman Companies Law. The address of the Company’s registered office is M&C Corporate Services Limited, P.O. Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands. The Company and its subsidiaries (together the “Group”) are principally engaged in the operation and management of department stores in the Peoples Republic of China (the “PRC”).

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 20 March 2007.

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 13 September 2007.

2. Basis of preparation and accounting policies

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2007 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 (the “HKICPA”).

The interim condensed consolidated financial statement do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 December 2006.

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2006, except for the adoption of new Standards and Interpretations, noted below. The adoption of these standards did not have any effect on the financial position or performance of the Group.

Notes to the Interim Condensed Consolidated Financial Statements

As at 30 June 2007

2. Basis of preparation and accounting policies (Continued)

2.2 Impact of new and revised Hong Kong Financial Reporting Standards

The accounting policies adopted in the preparation of the Interim Condensed Financial Statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2006, except for the accounting policy on associate and the adoption of the new and revised Hong Kong Financial Reporting Standards and interpretations as noted below.

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

The adoption of the above new and revised standards and interpretations has had no material effect on the accounting policies of the Group and the methods of computation in the Interim Condensed Financial Statements.

2.3 Significant accounting policies

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Notes to the Interim Condensed Consolidated Financial Statements

As at 30 June 2007

3. Revenue and segment information

	For the six months ended 30 June	
	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
Sales of goods — direct sales	105,449	100,211
Commissions from concessionaire sales	297,239	227,683
Rental income	3,174	3,323
— Rental income from investment properties	1,221	1,588
— Sublease rental income	1,953	1,735
	405,862	331,217

The commissions from concessionaire sales are analyzed as follows:

	For the six months ended 30 June	
	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
Gross revenue from concessionaire sales	1,444,384	1,115,020
Commissions from concessionaire sales	297,239	227,683

The direct sales and gross revenue from concessionaire sales are mainly settled in cash, debit card and credit card. The Group has no fixed credit policy.

The Group is mainly engaged in the operation and management of department stores in the PRC. All of the Group's operations are carried out in the PRC. In addition, most of the Group's revenue and operating profits are generated from business relating to the operations and management of department stores. Therefore no business segment or geographical segment is presented.

Notes to the Interim Condensed Consolidated Financial Statements

As at 30 June 2007

4. Other income

	For the six months ended 30 June	
	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
Interest income	69,257	1,196
— from bank deposit	31,931	1,196
— from over subscription funds of new shares	37,326	—
Advertisement and promotion administration income	12,918	9,290
Credit card handling income	561	431
Dividend income	7,401	5,260
Others	1,485	—
	91,622	16,177

5. Finance costs

	For the six months ended 30 June	
	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
Interest expenses of bank borrowings wholly repayable within five years	24,618	17,410
Foreign exchange gain	—	(1,244)
	24,618	16,166

Notes to the Interim Condensed Consolidated Financial Statements

As at 30 June 2007

6. Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
Depreciation and amortisation	19,091	10,052
Store rental expenses	32,923	20,942
— Operating lease rental	32,281	20,297
— Operating sublease rental	642	645
Utility expenses	14,509	9,965
Advertising	6,524	6,311
Credit card charges	10,758	7,068
Auditor's remuneration	600	242
Professional service charges	24,418	11,135

7. Income tax expense

	For the six months ended 30 June	
	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
Current income tax — PRC	54,297	44,943
Deferred taxation	(3,165)	8,090
	51,132	53,033

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Law and is exempted from payment of Cayman Islands income tax. North Hill Holdings Limited ("North Hill") and River Three Holdings Limited ("River Three") were incorporated in BVI as exempted companies with limited liability under the Company Law of BVI and are exempted from payment of BVI income tax.

Notes to the Interim Condensed Consolidated Financial Statements

As at 30 June 2007

7. Income tax expense (Continued)

The subsidiaries established in the PRC are subject to enterprise income tax (the “EIT”) at the rate of 33% (six months ended 30 June 2006: 33%) during the period except for Intime Department Store Co., Ltd (“Shanghai Intime”) and Ningbo High-Tech Zone Guo Ruan Technology Company Limited (“Ningbo Guoruan”).

Head office of Shanghai Intime is registered in Pudong New Area of Shanghai City and the applicable income tax rate for Shanghai Intime head office is 15% (six months ended 30 June 2006: 15%). Shanghai Intime Ningbo branch and Shanghai Intime Ningbo Tianyi branch are located in Ningbo City and are subject to EIT at rate of 33% (six months ended 30 June 2006: 33%) during the period.

Pursuant to applicable income tax laws and regulations of the PRC, a new technology development enterprise established in an approved new technology development zone is entitled to a preferential tax rate of 15% (six months ended 30 June 2006: 15%). In addition, such entity is exempted from PRC enterprise income tax for three years from its registration date and is also entitled to a 50% reduction in income tax rate for the succeeding three years. In accordance with the approval from the relevant PRC tax authority, Ningbo Guoruan was granted an income tax exemption for the three years from 2005 to 2007 and a 50% reduction in income tax rate for the three years from 2008 to 2010.

On 16 March 2007, the National People’s Congress approved the Corporate Income Tax Law of the People’s Republic of China (the “New CIT Law”), which will be effective from 1 January 2008. Under the New CIT Law, the corporate income tax rate applicable to domestic companies from 1 January 2008 will be decreased from 33% to 25% or progressively increased from 15% to 25% within 5 years. This unification in the corporate income tax rate will directly reduce or increase the Group’s effective tax rate prospectively from 2008. According to HKAS 12, the deferred tax assets and deferred tax liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. As a result, the Company estimates that the change in the corporate income tax rate has had the following impact on the results and financial position of the Group for the six months ended 30 June 2007:

	For the six months period ended 30 June 2007 (Unaudited) RMB’000
Decrease in deferred tax liabilities	28,346

Notes to the Interim Condensed Consolidated Financial Statements

As at 30 June 2007

7. Income tax expense (Continued)

At the date of approval of the interim condensed consolidated financial statements, detailed implementation and administrative requirements relating to the New CIT Law have yet to be announced. These detailed requirements include regulations concerning the computation of taxable income, as well as specific preferential tax treatments and their related transitional provisions. The Group will further evaluate the impact on its operating results and financial position of future periods as more detailed requirements are issued.

8. Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

	For the six months ended 30 June	
	2007 (Unaudited)	2006 (Unaudited)
Profit attributable to equity holder of the parent	172,419,002	105,265,914
Weighted average number of ordinary shares in issue	1,602,500,000	1,350,000,000
Basic earnings per share	0.11	0.08

Notes to the Interim Condensed Consolidated Financial Statements

As at 30 June 2007

8. Earnings per share (Continued)

Diluted

For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company has dilutive potential from share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at market price (determined as average share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options to determine the ordinary shares deemed to be issued at no consideration. The shares are added to the ordinary shares outstanding but no adjustment is made to net profit.

	For the six months ended 30 June	
	2007 (Unaudited)	2006 (Unaudited)
Net profit attributable to equity holders of the parent	172,419,002	105,265,914
Weighted average number of ordinary shares in issue	1,602,500,000	1,350,000,000
Adjustments for:		
— share options	34,835	N/A
Weighted average number of ordinary shares for diluted earnings per share	1,602,534,835	N/A
Diluted earnings per share	0.11	N/A

9. Interim dividend

The board of directors of the Company did not recommend the payment of any interim dividend for the six months ended 30 June 2007 (six months ended 30 June 2006: Nil).

Notes to the Interim Condensed Consolidated Financial Statements

As at 30 June 2007

10. Property, plant and equipment, investment properties and land use rights

During the six months ended 30 June 2007, the Group acquired property, plant and equipment with a cost of RMB47,653,000 (six months ended 30 June 2006: RMB13,462,000). Depreciation for property, plant and equipment and investment properties is approximately RMB14,579,000 (six months ended 30 June 2006: RMB8,945,000) during the period.

During the six months ended 30 June 2007, the Group acquired land use rights with a cost of RMB270,000,000 (six months ended 30 June 2006: nil). Amortisation for land use rights is RMB4,447,000 (six months ended 30 June 2006: RMB1,107,000) during the period.

The Group pledged certain of its building to secure the Group's banking facilities. The carrying amounts of these buildings as at 30 June 2007 are approximately RMB113,443,000 (Note 20).

The Group pledged certain of land use rights to secure the Group's banking facilities. The carrying amounts of these land use rights as at 30 June 2007 are approximately RMB62,962,000 (Note 20).

11. Available-for-sale financial assets

	Period ended 30 June 2007 (Unaudited) RMB'000	Year ended 31 December 2006 (Audited) RMB'000
At beginning of year/period	1,459,474	276,819
Additions	77,460	646,730
Disposals	—	(4,238)
Gain on receipt of shares from share reform of a listed company	—	24,514
Reverse of revaluation surplus for transfer to investment in associated (i) (Note 12)	(1,962,853)	—
Revaluation surplus	1,887,036	515,649
At end of year/period	1,461,117	1,459,474

Notes to the Interim Condensed Consolidated Financial Statements

As at 30 June 2007

11. Available-for-sale financial assets (Continued)

- (i) On 20 June 2007, the Group commenced to have significant influence over Wuhan Department Store Group Co., Ltd. (武漢武商集團股份有限公司, “Wushang”) as the Company had one representative appointed as a director of Wushang. Accordingly, the Group reversed previously recognised revaluation surplus together with deferred tax liabilities on the investment in Wushang and accounted for the investments in Wushang as investment in associate.

Available-for-sale financial assets include equity interests in the following companies of which A-shares are listed on the stock exchanges in the PRC, which are established in the PRC and are principally engaged in the operation and management of department stores in the PRC:

	30 June 2007 (Unaudited) RMB'000	31 December 2006 (Audited) RMB'000
A-share tradable shares:		
— Baida Group Co., Ltd. (杭州百大集團股份有限公司, “Baida”) (note (a))	1,137,141	667,132
— Wushang (Note 11)	—	481,705
— Citic Development-Shenyang Commercial Building (Group) Co., Ltd. (中興—沈陽商業大廈(集團)股份有限公司) (note (b))	143,757	40,272
A-share restricted tradable shares:		
— Wushang (Note 11)	—	164,475
A-share non-tradable shares:		
— Baida (note (a))	180,219	105,890
	1,461,117	1,459,474

- (a) As at 30 June 2007, the Group held 29.88% equity interests in Baida. However, the Group’s directors do not regard Baida as an associate of the Group on the grounds that the Group has no representatives in the board of directors of Baida and has no participation in decision making of its financial and operating policies. Accordingly, the Group has not exercised any significant influence on Baida.
- (b) As at 30 June 2007, the Group held 3.96% equity interests in Citic Development-Shenyang Commercial Building (Group) Co., Ltd.

Notes to the Interim Condensed Consolidated Financial Statements

As at 30 June 2007

12. Investment in an associate

The investment in an associate represents the investment in Wushang, which the Group owned 22.62% equity interest. Wushang is a listed company involved in the operation and management of department stores in PRC.

13. Inventories

	30 June 2007 (Unaudited) RMB'000	31 December 2006 (Audited) RMB'000
Store merchandises — at cost	22,032	25,763

14. Deposits, prepayments and other receivables

	30 June 2007 (Unaudited) RMB'000	31 December 2006 (Audited) RMB'000
Deposits paid for potential investment	204,795	—
Deposits and prepayments for purchase of properties	70,304	39,754
Deposits for purchase of available-for-sale financial assets	—	1,569
Prepayment for construction of properties	120,000	—
Rental deposits	9,163	45,332
Prepaid rental	23,950	950
Advances to suppliers	2,753	38,097
Advances to third parties	30,000	5,000
Others	15,303	4,134
	476,268	134,836

The carrying amounts of deposits and other receivables approximate their fair values.

Notes to the Interim Condensed Consolidated Financial Statements

As at 30 June 2007

15. Cash in transit

	30 June 2007 (Unaudited) RMB'000	31 December 2006 (Audited) RMB'000
Cash in transit	10,438	15,159

Cash in transit represents the sales proceeds settled by debit cards or credit cards, which have yet to be credited by the banks to the Group.

16. Cash and cash equivalents and pledged deposits

	30 June 2007 (Unaudited) RMB'000	31 December 2006 (Audited) RMB'000
Cash in hand	170	1,763
Cash at bank	1,852,398	316,098
Short-term deposit	274,610	—
Pledged time deposits with original maturity of more than three months when acquired (Note 20)	219,231	—
	2,346,409	317,861
Less: Pledged time deposits with original maturity of more than three months when acquired	(219,231)	—
Cash and cash equivalents	2,127,178	317,861

- (a) The weighted average effective interest rate per annum on cash at bank on demand was approximately 3.53% for the six months ended 30 June 2007 (six months ended 30 June 2006: 0.72%).

Notes to the Interim Condensed Consolidated Financial Statements

As at 30 June 2007

17. Share capital

	Authorized		
	Number of shares	USD	RMB
Upon incorporation of the Company on 8 November 2006	50,000	50,000	393,500
Share subdivision on 30 December 2006 and at 30 June 2007 (Unaudited)	5,000,000,000	50,000	393,500
	Issued and fully paid up		
	Number of shares	USD	RMB'000
As at 1 January 2007 (Audited)	1,350,000,000	13,500	105
Issue pursuant to the placing and public offer (a)	450,000,000	4,500	35
As at 30 June 2007 (Unaudited)	1,800,000,000	18,000	140

- (a) On 20 March 2007, the Company issued 450,000,000 shares of USD0.00001 each through a placing and public offer of the Company's shares in Hong Kong (the "New Issue") at a consideration of HKD5.39 per share, totalling approximately HKD2,425,500,000 (approximately RMB2,401,585,000). The share issue costs were approximately HKD110,418,000 (approximately RMB109,240,000).

18. Trade payables

	30 June 2007 (Unaudited) RMB'000	31 December 2006 (Audited) RMB'000
Trade payables	235,587	269,708

Trade payables as at the respective balance sheet dates were denominated in RMB and were aged within 60 days.

The carrying amounts of trade payables approximate their fair values.

Notes to the Interim Condensed Consolidated Financial Statements

As at 30 June 2007

19. Other payables

	30 June 2007 (Unaudited) RMB'000	31 December 2006 (Audited) RMB'000
Advance from customers	124,667	102,959
Other liabilities to local government	13,651	13,651
Other tax payables	10,554	45,618
Bonus and welfare payable	16,387	12,205
Deposits received from suppliers/concessionaires	6,318	4,039
Accruals	5,621	3,459
Others	27,065	18,236
	204,263	200,167

The carrying amounts of other payables approximate their fair values.

20. Interest-bearing borrowings

	30 June 2007 (Unaudited) RMB'000	31 December 2006 (Audited) RMB'000
Short-term bank borrowings	940,000	649,000
Representing:		
— unsecured bank borrowings	340,000	70,000
— guaranteed bank borrowings	—	429,000
— secured bank borrowings (a)	600,000	150,000
Total borrowings	940,000	649,000

Notes to the Interim Condensed Consolidated Financial Statements

As at 30 June 2007

20. Interest-bearing borrowings (Continued)

- (a) Secured bank borrowings as at 30 June 2007 were secured by certain of the Group's buildings, investment properties and land use rights (Note 10) and pledged time deposits (Note 16).
- (b) The effective interest rates per annum at the respective balance sheet dates are as follows:

	30 June 2007 (Unaudited)	31 December 2006 (Audited)
Short-term bank borrowings	5.27% to 6.73%	5.02% to 6.73%

- (c) The carrying amounts of all borrowings as at 30 June 2007 approximate their fair values and they are all denominated in RMB.

21. Share option scheme

The share option scheme was conditionally approved pursuant to a resolution passed by the Company's shareholders at an extraordinary general meeting held on 24 February 2007. According to this share option scheme, the directors may invite the Group's employees, senior management, directors and other eligible participants to take up share options of the Company. The subscription price is determined by the directors and will be determined according to the higher of (i) the average official closing price of the shares on the Stock Exchange of Hong Kong (the "SEHK") for the five trading days immediately preceding the relevant offer date and (ii) the official closing price of the shares on the SEHK on the relevant offer date. Options granted become vested after certain period. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be notified by the Board to each grantee and unless the Board shall otherwise resolve in relation to any option at the time of grant.

The maximum number of shares in respect of which Options may be granted under the Share Option Scheme when aggregated with the maximum number of shares in respect of which options may be granted under any other scheme involving the issue or grant of options over shares or other securities by the Group shall not exceed 10% of the issued share capital (such 10% limit representing 180,000,000 shares). Options lapsed in accordance with the terms of the Option Scheme shall not be counted for the purpose of calculating the 10% limit. Any further grant of share options in excess of this limit is subject to the approval of the Company's shareholders.

Share options for 11,600,000 shares were granted on 21 March 2007 at the exercise price of HKD6.44 per share.

Notes to the Interim Condensed Consolidated Financial Statements

As at 30 June 2007

21. Share option scheme (Continued)

The fair value of options granted during the period determined using the Black-Scholes-Merton Option Pricing Model was approximately RMB15,196,000.

The significant inputs into the model were as follows:

Granting date	21 March 2007
Fair value at grant date	HKD1.05–1.59
Weighted average share price at grant date	HKD6.30
Exercise price	HKD6.44
Volatility	30%
Expected life of option (year)	1.5–4.5
Expected dividends pay out rate	2.0%
Risk-free interest rate	3.90%–4.05%

The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the available trading period.

For the six months ended 30 June 2007, the Group recorded share-based payment expenses in relation to share options of the Company granted to employees (including certain directors of the Company) of the Group of approximately RMB1,051,000.

22. Commitments

(a) Capital commitment

l) *capital commitment for construction of property, plant and equipment:*

	30 June 2007 (Unaudited) RMB'000	31 December 2006 (Audited) RMB'000
Not later than 1 year	118,274	—
Later than 1 year and not later than 3 years	1,053	—
	119,327	—

Notes to the Interim Condensed Consolidated Financial Statements

As at 30 June 2007

22. Commitments (Continued)

(a) Capital commitment (Continued)

ii) *investment commitment:*

- i) On 31 October 2006, Zhejiang Intime and Lotte Shopping Company Limited (“Lotte”) entered into a joint venture agreement to establish a joint venture (the “Lotte JV”) in the PRC with a registered capital of USD20,000,000 to operate a department store in the PRC. Each joint venture partner agrees to contribute USD10,000,000 to Lotte JV and owns 50% of its equity interest. The term of the Lotte JV is for a period of 30 years. In addition, to secure an operating premise for the Lotte JV, Zhejiang Intime and Lotte entered into a lease contract with Beijing Jixiang Real Estate Co., Ltd. (“Beijing Jixiang”) which is a 35.6% owned associate of China Yintai Holdings Co., Ltd. (“China Yintai”), for the rental of a building for 10 years tentatively starting from 25 March 2008 with annual minimum lease payment of RMB95,100,000. Upon the establishment of the Lotte JV, all rights and obligations under the lease contract will be transferred to the Lotte JV. 50% of this lease commitment has been included in note (b) below.
- ii) On 10 April 2007, Zhejiang Intime entered into an agreement with the equity holder of Hangzhou Xintai Property Development Co., Ltd. (杭州新泰房地產開發有限公司, “Xintai”) and the equity holder of Zhejiang Zhelien Property Group Co., Ltd (浙江浙聯房產集團有限公司, “Zhelien Property”). Xintai and Zhelien are the joint owners of a property development project in Hangzhou City. Pursuant to the agreement, Zhejiang Intime conditionally agreed, amongst other things, to make capital contribution of RMB500,000,000 to Xintai in return for 50% equity interest in the enlarged registered capital of Xintai.

Notes to the Interim Condensed Consolidated Financial Statements

As at 30 June 2007

22. Commitments (Continued)

(b) Operating lease commitments as a lessee

The Group leases certain of its stores and office premises under non-cancellable operating lease agreements.

The Group's future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2007 (Unaudited) RMB'000	31 December 2006 (Audited) RMB'000
Not later than 1 year	64,600	43,920
Later than 1 year and not later than 5 years	419,023	466,258
Later than 5 years	1,182,449	1,110,220
	1,666,072	1,620,398

(c) Operating lease commitments as a lessor

The Group's future aggregate minimum lease receivables under non-cancellable operating leases are as follows:

	30 June 2007 (Unaudited) RMB'000	31 December 2006 (Audited) RMB'000
Not later than 1 year	3,943	6,186
Later than 1 year and not later than 3 years	6,393	13,866
Later than 3 years	2,718	4,335
	13,054	24,387

The amounts above include future minimum sublease payments expected to be received under non-cancellable sublease amounting to RMB7,752,000 as at 30 June 2007 (31 December 2006: RMB10,297,000).

Notes to the Interim Condensed Consolidated Financial Statements

As at 30 June 2007

23. Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control or common significance influence.

(a) Name and relationship of related parties

Name	Relationship
Mr. Shen Guojun	Ultimate shareholder of the Company
Intime International Holdings Limited ("Intime International")	Intermediate holding company of the Company
Warburg Pincus & Co.	Shareholder of the Company
Glory Bless Limited ("Glory Bless")	Controlled by the ultimate shareholder
China Yintai	Controlled by the ultimate shareholder
Silvertie Holding Co., Ltd. ("Silvertie Holding")	20.63% of its shares were held by China Yintai
Beijing Jixiang	Subsidiary of China Yintai
Hangzhou Intime Shopping Mall Co., Ltd. ("Intime Shopping Mall")	Subsidiary of China Yintai
Wenzhou Yintai Department Store Co., Ltd. ("Wenzhou Yintai")	Subsidiary of China Yintai
Jinhua Yintai Department Store Co., Ltd. ("Jinhua Yintai")	Subsidiary of China Yintai

Notes to the Interim Condensed Consolidated Financial Statements

As at 30 June 2007

23. Related party transactions (Continued)

(b) Transactions with related parties

The following transactions were carried out with related parties:

	For the six months ended 30 June	
	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
Interest income		
— China Yintai	—	1,984
Interest expense		
— Warburg Pincus	—	8,106
Payment of rental expense and management fee		
— Silvertie Holding (i)	13,695	13,707
Purchase of inventory		
— Wenzhou Yintai	5,797	—
Advance to related parties		
— Beijing Jixiang (ii)	97,078	—
— Jinhua Yintai	—	20
— Wenzhou Yintai	7,561	6,632
	104,639	6,652
Repayment from related parties		
— China Yintai	—	170,612
— Jinhua Yintai	—	10,000
	—	180,612

Notes to the Interim Condensed Consolidated Financial Statements

As at 30 June 2007

23. Related party transactions (Continued)

(b) Transactions with related parties (Continued)

	For the six months ended 30 June	
	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
Borrowings from related parties		
— Intime International	—	51,655
— Warburg Pincus	—	161,434
	—	213,089
Repayment to a related party		
— Glory Bless	—	247,535
Guarantee from a related party		
— China Yintai (iv)	—	339,000

- (i) Pursuant to an agreement between Shanghai Intime and Silvertie Holding signed on 31 March 2005, Shanghai Intime leased certain floors of a building from Silvertie Holding for its operations.
- (ii) Zhejiang Intime and Lotte Shopping Company Limited (“Lotte”) has entered into a joint venture agreement to establish the Lotte JV. The Lotte JV will lease certain premises for its shopping mall operations from Beijing Jixiang. Since the Lotte JV was not yet established as at 30 June 2007, the Group made advances to Beijing Jixiang on behalf of the Lotte JV for the prepaid rental and the decoration of the premises where the shopping mall locates amounted to approximately RMB35,578,000 and RMB61,500,000 respectively.
- (iii) As at 31 December 2006, Zhejiang Intime provided a guarantee amounting to RMB20,000,000 in respect of loan granted by a bank to Wenzhou Yintai. The relevant loan and interest was repaid by Wenzhou Yintai on 25 February 2007 and the guarantee was released.
- (iv) The guarantee from China Yintai was released in January 2007.

Notes to the Interim Condensed Consolidated Financial Statements

As at 30 June 2007

23. Related party transactions (Continued)

(c) Balances with related parties

The Group had the following significant balances due from related parties:

	30 June 2007 (Unaudited) RMB'000	31 December 2006 (Audited) RMB'000
Due from related parties		
— Silvertie Holding (i)	6,544	13,000
— Beijing Jixiang	97,078	—
— Warburg Pincus	1,269	—
— Wenzhou Yintai	4,178	10,538
— Jinhua Yintai	13,773	25,195
— Intime Shopping Mall	3,040	2,013
	125,882	50,746

The Group had the following significant balances due to related parties:

	30 June 2007 (Unaudited) RMB'000	31 December 2006 (Audited) RMB'000
Due to related parties		
— Jinhua Yintai	3,219	—
— China Yintai	—	8,871
	3,219	8,871

These amounts due to related parties are all denominated in RMB, unsecured, interest-free and payable on demand.

Notes to the Interim Condensed Consolidated Financial Statements

As at 30 June 2007

23. Related party transactions (Continued)

(c) Balances with related parties (Continued)

The carrying amounts of these related party balances approximate their fair values.

- (i) The amount due from Silvertie Holding includes deposit of RMB6,500,000 in connection with a lease agreement between Shanghai Intime and Silvertie Holding entered into on 31 March 2005.

(d) Key management compensation

	For the six months ended 30 June	
	2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
Fees, salaries, allowances and other benefits	1,626	670
Discretionary bonus	195	298
Contributions to retirement plan	18	29
Share options granted to key management	1,051	—
	2,890	997

24. Contingencies

	30 June 2007 (Unaudited) RMB'000	31 December 2006 (Audited) RMB'000
Guarantees to related parties	—	20,000

As at 31 December 2006, Zhejiang Intime provided a guarantee amounting to RMB20,000,000 in respect of a loan granted by a bank to Wenzhou Yintai. The relevant loan and interest was repaid by Wenzhou Yintai on 25 February 2007 and the guarantee was released.

Notes to the Interim Condensed Consolidated Financial Statements

As at 30 June 2007

25. Post balance sheet event

On 10 September 2007, Intime Investment Management Company Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement and a loan assignment agreement with Zhelien Property, pursuant to which Intime Investment Management has agreed to acquire and Zhelien Property has agreed to sell: 1) a 33% equity interest in 杭州海威房地產開發有限公司 (Hiwell Real Estate Company Limited) (“Hiwell Real Estate”) for a total cash consideration of RMB33,000,000.00 and; 2) the outstanding shareholder’s loan made by Zhelien Property to Hiwell Real Estate for a total cash consideration of RMB204,808,370.96.

26. Detail information of the subsidiaries

Company name	Country and date of incorporation/ establishment and kind of legal entity	Issued/ registered and paid up capital	Attributable equity interests held by the equity holders of the Company		Principal activities and place of operation
			2007	2006	
North Hill Holdings Limited	British Virgin Islands (“BVI”), 8 March 2005, limited liability company	USD1	100% (Direct)	—	Investment holding, BVI
River Three Holdings Limited	BVI, 8 March 2005, limited liability company	USD1	100% (Direct)	—	Investment holding and trade mark management, BVI
Zhejiang Intime Department Store Co., Ltd.	PRC, 7 August 1997, limited liability company	RMB 200,000,000	100% (Indirect)	100% (Indirect)	Operation and management of department stores and investment holding, PRC
Intime Department Store Co., Ltd.	PRC, 7 January 2005, limited liability company	RMB 100,000,000	100% (Indirect)	100% (Indirect)	Operation and management of department stores and investment holding, PRC
Ningbo High-Tech Zone Guo Ruan Technology Company Limited	PRC, 14 December 2004, limited liability company	RMB 1,000,000	100% (Indirect)	90% (Indirect)	Software development, PRC

Notes to the Interim Condensed Consolidated Financial Statements

As at 30 June 2007

26. Detail information of the subsidiaries (Continued)

Company name	Country and date of incorporation/ establishment and kind of legal entity	Issued/ registered and paid up capital	Attributable equity interests held by the equity holders of the Company		Principal activities and place of operation
			2007	2006	
Hangzhou Intime Outlets Commercial Development Co., Ltd.	PRC, 26 July 2000, limited liability company	RMB 20,000,000	100% (Indirect)	74% (Indirect)	Investment holding, PRC
Wuhan Yintai Business Development Co., Ltd.	PRC, 29 April 2005, limited liability company	RMB 150,000,000	100% (Indirect)	75.5% (Indirect)	Investment holding, PRC
Zhejiang Wenzhou Intime Department Store Co., Ltd.	PRC, 5 January 2007, limited liability company	RMB 30,000,000	100% (Indirect)	—	Operation and management of department stores and investment holding, PRC
Zhejiang Intime Department Store (Jinhua) Co., Ltd.	PRC, 10 January 2007, limited liability company	RMB 30,000,000	100% (Indirect)	—	Operation and management of department stores and investment holding, PRC
Jinhua Intime Shopping Mall Center Co., Ltd.	PRC, 6 March 2007, limited liability company	RMB 30,000,000	60% (Indirect)	—	Operation and management of department stores and investment holding, PRC