TIMES Ltd.
時代零售集團有限公司*

(incorporated in the Cayman Islands with limited liability)

Stock Code: 1832

* For identification purpose only

Interim Report 2007

Chairman's Statement

Dear Shareholders,

It is my pleasure to present to our shareholders the first interim report of Times Ltd. since its successful listing on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 July 2007. The initial public offering ("IPO") of the shares of Times Ltd. marked a very important milestone for the Group. The IPO was well received and net proceeds totaling HK$960.6 million was raised. The IPO has not only strengthened the capital base of the Group, but also established a financial platform for us to facilitate the expansion of our business in a more flexible manner.

For the six-month period ended 30 June 2007, the Group posted encouraging results which showed substantial improvement over the same period of last year. The revenue of the Group for the period was RMB1,661.6 million (2006: RMB1,394.7 million) representing a 19.1% increase over the same period of last year.

In line with our forecast in the prospectus, the Group's profit for the period has shown a substantial improvement. Excluding the expenses relating to the listing, the profit after tax for the six-month period ended 30 June 2007 was approximately RMB64.8 million (2006: RMB40.9 million) representing 58.6% increase over the corresponding period in previous year. The listing expenses charged to income amounted to RMB21.6 million (2006: Nil). Adjusting for this amount of non-recurring expenses, the net profit for the period attributable to shareholders of the Company was approximately RMB43.2 million (2006: RMB40.9 million).

In the two-month period since our IPO, we have adhered to the plans set out in the prospectus and our efforts to continue to grow our business are already showing in increased revenues and profits, and in our improving margins. I would take this opportunity to re-affirm our commitment to building on our strength and to accomplishing our future plans.

On behalf of the Board of Directors, I would like to take this opportunity to express our gratitude to our staff for their dedication and to our shareholders for their support.

Fang Hung, Kenneth
Chairman
Hong Kong, 20 September 2007

Management Discussion And Analysis

REVIEW OF RESULTS

The Group's audited consolidated revenue and profit attributable to the Company's shareholders for the six months ended 30 June 2007 amounted to approximately RMB1,661.6 million (2006: RMB1,394.7 million) and RMB43.2 million (2006: RMB40.9 million) respectively. The Group's revenue has increased by 19.1% over the same period last year. The profit attributable to the shareholders of RMB43.2 million was arrived at after deducting listing expenses of approximately RMB21.6 million (2006: Nil). Excluding such non-recurring listing expenses, the profit after tax was RMB64.8 million representing an increase of 58.6% over the same period last year.

The following table shows a comparison between the respective results for the six month periods ended 30 June 2007 and 2006.

	2007	2006
Total number of stores at 30 June		
Hypermarkets	36	24
Supermarkets	19	21
Gross Floor Area at 30 June (in square meters)		
Hypermarkets	548,025	363,481
Supermarkets	47,080	50,880
Total revenue (in million RMB)		
Hypermarkets	1,431.3	1,176.6
Supermarkets	230.3	218.0

The Company, in its prospectus dated 29 June 2007, forecasted that the combined profit attributable to the shareholders (including the estimated listing expenses of RMB26.9 million) for the six months ended 30 June 2007 would be not less than RMB24.0 million. The Group's audited consolidated results for these 6 months have exceeded the forecast by approximately RMB19.2 million. This was partly due to expansion of margin and partly due to exchange gain of approximately RMB11.2 million and listing expenses charged to income being RMB5.3 million less than originally estimated.

Management Discussion And Analysis

The Group's revenue for the first half of 2007 was RMB1,661.6 million representing over 19.1% increase over the same period last year. The growth in revenue is mainly attributable to the increasing number of stores and the overall growth in same store sales. As at 30 June 2007, the group operated 55 stores including 36 hypermarkets and 19 supermarkets occupying a total gross floor area ("GFA") of approximately 595,000 square meters. This compares with 45 stores including 24 hypermarkets and 21 supermarket occupying total GFA of approximately 414,000 square meters as at 30 June 2006. For stores in full operation throughout the six-month periods ended 30 June 2006 and 2007, the revenue of hypermarkets and supermarkets were RMB1,176.6 million and RMB218.0 million respectively for 2006 and RMB1,431.3 million and RMB230.3 million respectively for 2007, and the average same store sales grew by 6.0% in 2007 over 2006.

The Group recorded a gross profit of RMB279.9 million for the six months ended 30 June 2007. This represents an increase of 20.5% compared with the gross profit of RMB232.3 million in the first half of 2006. The gross profit as a percentage of revenue for 2007 was 16.8% (2006: 16.7%). The improvement in gross profit margin is the result of better economies of scale being achieved from the increasing volume of business.

Other income increased by 37.0% from approximately RMB102.5 million in first half of 2006 to approximately RMB140.4 million. Such increase was mainly due to the increase of i) approximately RMB19.7 million in promotion income; ii) approximately RMB14.4 million in rental income from the leasing of shop premises; and iii) approximately RMB6.6 million in exchange gain. Promotion income and rental income from leasing of shop premises in the first half of 2007 increased by 48.6% and 40.0% respectively over the same period in 2006. These rates of increase reflect the successes of our promotion activities and the business model of integrating "Shopping Streets" in our hypermarkets and supermarkets.

The aggregate of selling and distribution costs plus administration expenses, excluding the one-off listing expenses, was approximately RMB313.7 million in the first half of 2007 (2006: RMB266.1 million). The rate of increase over 2006 was 17.9%, comparing favorably with the 19.1% increase in turnover. This reflects our effective control of our operating expenses.

Finance costs of the Group increased in the first half of 2007 by RMB3.7 million or 45.0% over 2006. The increase in finance costs was due to additional bank loan raised to acquire shop premises before the IPO.

INTERIM DIVIDEND

The Board of Directors has resolved not to declare an interim dividend for the six months ended 30 June 2007.

INITIAL PUBLIC OFFER

On 16 July 2007, the Company was successfully listed on the Stock Exchange. The IPO was well received by investors through both the international offer and the Hong Kong public offer. The Hong Kong public offer was over-subscribed by approximately 39 times. Total net proceeds received by us from the IPO were HK$960.6 million.

As stated in the Prospectus, we plan to use the proceeds from the IPO in the expansion of our retail network, repayment of bank borrowings and for general working capital purposes. As at the date of this report, we do not anticipate changes to this plan.

SIGNIFICANT INVESTMENTS

The Group acquired certain properties through the purchase of the equity interests in a number of companies during the six-month period. Details of these acquisitions are set out in Note 32 to the consolidated financial statements attached. The principal assets of these companies are properties which are used as shop premises by the Group. Except for these acquisitions, the Group did not acquire or dispose of any subsidiaries during the period. Apart from investments in companies holding properties used exclusively for the Group’s business, the Group does not have other significant investments.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2007, the Group had bank facilities amounting to RMB748.0 million of which RMB711.2 million were utilized. On that day, the Group had bank balance and cash amounting to RMB262.6 million. Bank borrowings as at that date included bank loans denominated in Hong Kong dollars of approximately RMB641.2 million which carried interest at rate of HIBOR plus 0.8% to 0.95% per annum. The remaining bank borrowings were denominated in Renminbi and carried an average fixed interest rate of 6.7% per annum. Of the bank loans outstanding, approximately RMB116.8 million were repayable within one year and the remaining balance of approximately RMB594.4 million were repayable after one year but within two years. As at 30 June 2007, the group had net current liabilities of RMB136.6 million and a current ratio of 0.86 (31 December 2006: RMB365.0 million and 0.68 respectively).

Management Discussion And Analysis

As at 30 June 2007, the gearing ratio of the Group, calculated as the ratio of bank borrowings to total equity, was 417%.

As a result of the IPO, the gearing ratio of the Group reduced to below 10%. Taking into account the net proceeds of approximately HK$960.6 million from the IPO, the liquidity position of the Group has improved quite substantially. As at the date of this report, the Group has a net cash position of over RMB500 million.

The Group may borrow from banks and maintain part of its cash balances in Hong Kong dollars. Apart from this, transactions of the Group are almost exclusively in Renminbi. The Group will consider appropriate hedging arrangements to minimize its exposure to fluctuations in exchange rate.

FUTURE PLAN

It is our plan to open 11 hypermarkets in the year 2007, of which 8 is expected to be opened in the second half of the year. Since the date of the Prospectus, two hypermarkets with total GFA of 22,556 square meters have been opened; two supermarkets with total GFA of 6,451 square meters have been closed. On top of the 17 agreements signed before 30 June 2007,we have also signed agreements in relation to 4 additional hypermarkets with GFA totalling approximately 75,608 square meters. These 4 hypermarkets are expected to be opened in 2009. Capital expenditure, including deposits paid for new self owned store premises, fitting of and equipments for new hypermarkets and deposits paid for hypermarkets to be opened, since IPO to date is around RMB101.3 million. We estimate approximately RMB250 million will be further required for decorating, fitting, acquisition of necessary equipment and other expenditure for these new hypermarkets by end of 2007. Such capital expenditure is expected to be financed from the proceeds of the IPO. If it is in the interests of the Group and its shareholders and if considered to be financially attractive, we may also acquire additional properties for use as our shop premises.

EMPLOYMENT AND REMUNERATION POLICY

At 30 June 2007, the Group had 10,451 employees. The remuneration package for the Group's employees is structured by reference to market and industry practice. Discretionary bonuses and other performance rewards are based on the financial performance of the Group and the performance of individual employees. In addition, the Company has adopted a share option scheme under which our staff may be granted options entitling them to subscribe for shares in the Company. In reviewing salary remuneration packages in the future, share options may be granted to certain members of the management team.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the period under review. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

INTERESTS OF DIRECTORS

As at 16 July 2007 (being the date on which the shares of the Company first commenced dealings on Stock Exchange), the interests and short positions of the directors and chief executives of the Company in the share capital, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") are as follows:

Long position in ordinary shares of HK$0.01 each in the Company ("Shares")

Name of Director	Type of Interest	Number of Shares	Approximate Percentage of Shareholding (%)
Fang Hung, Kenneth ("Mr Kenneth Fang")	Corporate interest	631,800,000	75

Note: CS International Investment Limited ("CS International") is a company incorporated in the British Virgin Islands ("BVI") and is owned as to 51% by Loyson Pacific Limited ("Loyson Pacific") and 49% by Lenstar Global Limited ("Lenstar Global"). Loyson Pacific is a company incorporated in the BVI and is beneficially owned as to 45% by Mr Kenneth Fang, 45% by Fang Chiu, Laurence ("Mr Laurence Fang") and 10% by Fang Kang, Vincent ("Mr Vincent Fang"). Mr Kenneth Fang, Mr Laurence Fang and Mr Vincent Fang are brothers who collectively control Loyson Pacific. Lenstar Global is a company incorporated in the BVI and is entirely and beneficially owned by Mr Kenneth Fang.

Save as disclosed above, as at 16 July 2007 (being the date on which the shares of the Company first commenced dealings on the Stock Exchange), none of the directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Management Discussion And Analysis

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 16 July 2007 (being the date on which the shares of the Company first commenced dealings on the Stock Exchange), the following persons (not being a director or a chief executive of the Company) have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long position in Shares

Name of Shareholder	Type of Interest	Number of Shares	Approximate Percentage of Shareholding *(%)*
Mr Laurence Fang[(i)]	Corporate interest	631,800,000	75
Mr Vincent Fang[(i)]	Corporate interest	631,800,000	75
Loyson Pacific[(i)]	Corporate interest	631,800,000	75
Lenstar Global[(ii)]	Corporate interest	631,800,000	75
CS International[(iii)]	Corporate interest	631,800,000	75

Notes:

(i) Loyson Pacific is a company incorporated in the BVI and is beneficially owned as to 45% by Mr Kenneth Fang, 45% by Mr Laurence Fang and 10% by Mr Vincent Fang. Mr Kenneth Fang, Mr Laurence Fang and Mr Vincent Fang are brothers who collectively control Loyson Pacific.

(ii) Lenstar Global is a company incorporated in the BVI and is entirely and beneficially owned by Mr Kenneth Fang.

(iii) CS International is a company incorporated in the BVI and is owned as to 51% by Loyson Pacific and 49% by Lenstar Global.

Save as disclosed above, the register required to be kept under section 336 of the SFO shows that as at 16 July 2007 (being the date on which the shares of the company first commenced dealings on the Stock Exchange), the Company had not been notified of any other person who had an interest or short position in the shares and underlying shares of the Company.

CHARGES OF ASSETS AND CONTINGENT LIABILITIES

At 30 June 2007, there were no significant charges or pledges on the Group's assets.

As of 30 June 2007, the Group did not have any significant contingent liabilities. The Group may become involved in certain legal proceedings relating to claims arising out of operations in the normal course of business. However, none of these proceedings, individually or in aggregate, could have a material adverse effect on the Group's financial conditions or result of operations.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's interim results for the six months ended 30 June 2007. The Audit Committee comprises all of the three independent non-executive directors, namely Mr Chan Wing Kee, Mr Ting Woo Shou, Kenneth and Mr Lau Yuen Sun, Adrian

CORPORATE GOVERNANCE

Compliance with Code on Corporate Governance Practices

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules for the period commencing 16 July 2007 (being the date on which the shares of the company first commenced dealings in the Stock Exchange) to the date of this report.

Compliance with Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all directors of the Company, all directors have confirmed that they had complied with the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transactions during the period commencing 16 July 2007 (being the date on which the shares of the company first commenced dealings in the Stock Exchange) to the date of this report.

By order of the Board

GAO Chunhe
Deputy Chairman and Chief Executive Officer
20 September 2007

Independent Auditor's Report

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF TIMES LTD.

(時代零售集團有限公司)
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Times Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 11 to 61, which comprise the consolidated balance sheet as at 30 June 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the period from 1 January 2007 to 30 June 2007 and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

Independent Auditor's Report

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 30 June 2007 and of the Group's profit and cash flows for the period from 1 January 2007 to 30 June 2007 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Without qualifying our opinion, we draw to your attention that the comparative consolidated income statement, comparative consolidated cash flow statement and the comparative consolidated statement of changes in equity for the six months ended 30 June 2006 and related notes disclosed in the consolidated financial statements have not been audited.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
20 September 2007

Consolidated Income Statement

FOR THE SIX MONTHS ENDED 30 JUNE 2007

	NOTES	Six months ended 30.6.2007 RMB'000	Six months ended 30.6.2006 RMB'000 (unaudited)
Revenue	5	1,661,645	1,394,672
Cost of sales		(1,381,763)	(1,162,415)
Gross profit		279,882	232,257
Other income	7	140,409	102,520
Selling and distribution costs		(274,014)	(228,405)
Administrative expenses		(39,694)	(37,740)
Other expenses	8	(21,621)	—
Finance costs	9	(11,997)	(8,271)
Profit before taxation		72,965	60,361
Taxation	10	(29,801)	(19,507)
Profit for the period	11	43,164	40,854
Attributable to:			
Equity holders of the Company		43,164	40,894
Minority interests		—	(40)
		43,164	40,854
Dividends	13	—	55,187
Earnings per share			
Basic (RMB)	14	0.068	0.065

Consolidated balance sheets

AT 30 JUNE 2007

	NOTES	30.6.2007 *RMB'000*	31.12.2006 *RMB'000*
Non-current assets			
Property, plant and equipment	15	582,217	359,723
Prepaid lease payments	16	213,133	—
Prepaid lease rentals	17	79,985	84,836
Deposits for acquisition of property, plant and equipment		17,149	21,610
Deferred tax assets	18	9,075	8,445
		901,559	474,614
Current assets			
Inventories	19	347,837	422,085
Trade and other receivables	20	146,105	70,827
Prepaid lease payments	16	6,119	—
Prepaid lease rentals	17	77,045	60,635
Amount due from immediate holding company	21	—	8
Pledged bank deposits	22	12,534	10,514
Bank balances and cash	23	262,641	215,456
		852,281	779,525
Current liabilities			
Trade and other payables	24	858,011	844,588
Amount due to a related company	25	—	22
Amount due to ultimate holding company	25	—	81,848
Amount due to a fellow subsidiary	25	—	6,534
Tax liabilities		14,120	9,571
Bank borrowings	26	116,771	202,000
		988,902	1,144,563
Net current liabilities		(136,621)	(365,038)
Total assets less current liabilities		764,938	109,576

	NOTES	30.6.2007	31.12.2006
		RMB'000	*RMB'000*
Capital and reserves			
Share capital	27	485	8
Reserves		170,069	47,605
Total equity		170,554	47,613
Non-current liabilities			
Amount due to a fellow subsidiary	25	—	61,963
Bank borrowings	26	594,384	—
		764,938	109,576

The consolidated financial statements on pages 11 to 61 were approved and authorised for issue by the Board of Directors on 20 September 2007 and are signed on its behalf by:

Fang Hung, Kenneth
DIRECTOR

Wong See Leung
DIRECTOR

Consolidated Statement Of Changes In Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Attributable to equity holders of the Company								
	Share capital RMB'000	Statutory surplus reserve RMB'000 *(Note a)*	Statutory public welfare fund RMB'000 *(Note b)*	Enterprise development fund RMB'000 *(Note b)*	Special reserve RMB'000	Accumulated profits RMB'000	Total RMB'000	Minority interests RMB'000	Total RMB'000
At 1 January 2006 (audited)	–	6,304	5,321	–	23,665 *(Note c)*	39,032	74,322	1,269	75,591
Profit for the year and total recognised income for the year	–	–	–	–	–	77,558	77,558	(40)	77,518
Distribution to minority shareholder upon liquidation of a subsidiary	–	–	–	–	–	–	–	(1,229)	(1,229)
Appropriations	–	7,871	787	3,149	–	(11,807)	–	–	–
Issue of shares *(note d)*	8	–	–	–	–	–	8	–	8
Dividends paid	–	–	–	–	–	(55,187)	(55,187)	–	(55,187)
Deemed distribution *(note e)*	–	–	–	–	(49,088)	–	(49,088)	–	(49,088)
At 31 December 2006 (audited)	8	14,175	6,108	3,149	(25,423)	49,596	47,613	–	47,613
Profit for the period and total recognised income for the period	–	–	–	–	–	43,164	43,164	–	43,164
Issue of shares *(note f)*	–	–	–	–	–	–	–	–	–
Shareholder's contribution *(note 25)*	–	–	–	–	79,777	–	79,777	–	79,777
Reserve arising from corporate reorganisation *(note g)*	477	–	–	–	(477)	–	–	–	–
At 30 June 2007 (audited)	485	14,175	6,108	3,149	53,877	92,760	170,554	–	170,554

	Attributable to equity holders of the Company								
	Share capital	Statutory surplus reserve	Statutory public welfare fund	Enterprise development fund	Special reserve	Accumulated profits	Total	Minority interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Note a)	*(Note b)*	*(Note b)*					
At 1 January 2006 (audited)	–	6,304	5,321	–	23,665	39,032	74,322	1,269	75,591
Profit for the period and total recognised income for the period	–	–	–	–	–	40,894	40,894	(40)	40,854
Distributions to a minority shareholder upon liquidation of a subsidiary	–	–	–	–	–	–	–	(1,229)	(1,229)
Dividends paid	–	–	–	–	–	(55,187)	(55,187)	–	(55,187)
Deemed distribution *(note e)*	–	–	–	–	(49,088)	–	(49,088)	–	(49,088)
At 30 June 2006 (unaudited)	–	6,304	5,321	–	(25,423)	24,739	10,941	–	10,941

Notes:

(a) The Articles of Association of the subsidiaries of the Company incorporated in the People's Republic of China ("PRC") require the appropriation of 10% of its profit after taxation (prepared under the generally accepted accounting principles in the PRC) each year to the statutory surplus reserve until the balance reaches 50% of the registered share capital. According to the provisions of the Articles of Association of the PRC incorporated companies comprising the Group, in normal circumstances, the statutory surplus reserve shall only be used for making good losses, capitalisation into paid-in capital and expansion of its production and operation. Such appropriations are made on an annual basis at the end of each financial year.

(b) Pursuant to the PRC Company Law, the subsidiaries of the Company incorporated in the PRC shall make an allocation to the statutory public welfare fund and enterprise development fund from their profit after taxation (prepared under the generally accepted accounting principles in the PRC) at a rate determined by directors of the relevant subsidiaries. The enterprise development fund can be used for making good losses and capitalisation into paid-in-capital. Both the statutory public welfare fund and the enterprise development fund form part of the shareholders' equity but are non-distributable other than in liquidation. Such appropriations are made on an annual basis at the end of each financial year.

Consolidated Statement Of Changes In Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2007

(c) On 19 December 2005, Swift Harvest Limited ("Swift Harvest") contributed RMB67,466,000 to Jiangsu Times Supermarket Co., Ltd. ("Jiangsu Times") and effectively diluted the interest of the existing beneficial equity owner, Fang Brothers Investments Limited ("Fang Brothers"), in Jiangsu Times from 100% to 38%. Swift Harvest, with paid-in capital of HK$1, became the then immediate holding company of Jiangsu Times. Special reserve arising from the Corporate Reorganisation amounted to RMB23,665,000.

(d) On 18 July 2006, Times Supermarket Limited ("Times Supermarket") issued 949 ordinary shares of US$1 each for total consideration of US$949 (equivalent to approximately RMB8,000).

(e) The amount represents the consideration paid by Swift Harvest to Fang Brothers for acquiring the remaining 38% equity interest in Jiangsu Times which is already included in the consolidated financial statements. Accordingly, the consideration paid is deemed as a distribution to the controlling shareholder of the Company. The consideration paid for the acquisition of the 38% in Jiangsu Times was determined with reference to the net asset value of Jiangsu Times as at 31 December 2005 as set out in a valuation report prepared by an independent valuer and was fully settled in April 2006.

(f) The Company was incorporated in the Cayman Islands on 15 March 2007. One share of HK$0.01 (equivalent to RMB0.01) was issued nil paid to the initial subscriber on date of incorporation.

(g) Pursuant to the share swap agreement entered between the Company and CS International Investment Limited ("CS International") on 26 June 2007, the Company allotted and issued 49,999,999 shares to CS International and credited the nil-paid share issued on 15 March 2007 as fully paid in consideration to acquire the entire interest in Times Supermarket from CS International. The special reserve of the Group represents the difference between the nominal value of the issued share capital of Times Supermarket and the Company in the event of share swap.

Consolidated Cash Flow Statement

FOR THE SIX MONTHS ENDED 30 JUNE 2007

	NOTE	Six months ended 30.6.2007 *RMB'000*	30.6.2006 *RMB'000* *(unaudited)*
OPERATING ACTIVITIES			
Profit before taxation		72,965	60,361
Adjustments for:			
Interest expense		11,997	8,271
Depreciation of property, plant and equipment		29,011	27,863
Exchange gain		(11,189)	(4,574)
Loss on disposal of property, plant and equipment		245	708
Interest income		(2,639)	(1,246)
Prepaid lease payments charged to profit and loss		1,945	—
Prepaid lease rentals charged to profit and loss		29,873	46,737
Operating cash flows before movements in working capital		132,208	138,120
Decrease in inventories		74,248	135,235
Increase in trade and other receivables		(69,828)	(34,720)
Increase in prepaid lease rentals		(41,432)	(88,604)
Decrease in trade and other payables		(17,667)	(114,089)
Decrease in amounts due to a fellow subsidiary		—	(7,429)
Cash generated from operations		77,529	28,513
PRC Enterprise Income Tax paid		(26,615)	(18,407)
NET CASH FROM OPERATING ACTIVITIES		50,914	10,106

Consolidated Cash Flow Statement

FOR THE SIX MONTHS ENDED 30 JUNE 2007

	NOTE	Six months ended 30.6.2007 *RMB'000*	30.6.2006 *RMB'000* *(unaudited)*
INVESTING ACTIVITIES			
Acquisition of subsidiaries	32	(113,061)	—
Purchases of property, plant and equipment		(38,432)	(7,235)
Deposits paid for acquisition of property, plant and equipment		(11,749)	(22,557)
Payments for prepaid lease		(15,439)	—
Repayments from related companies		20,126	117,439
Repayment from ultimate holding company		—	3,971
Repayment from immediate holding company		8	—
Proceeds from disposal of property, plant and equipment		410	567
Interest received		2,639	1,246
Increase in pledged bank deposits		(2,020)	(329)
NET CASH (USED IN) FROM INVESTING ACTIVITIES		(157,518)	93,102

	Six months ended	
	30.6.2007	30.6.2006
	RMB'000	RMB'000
		(unaudited)
FINANCING ACTIVITIES		
Repayment to a director	(137,995)	—
(Repayments to) advances from related companies	(145,995)	14,353
Advance from ultimate holding company	397	27,205
Repayment to intermediate holding company	—	(54,051)
Repayment to a fellow subsidiary	(68,497)	(5,067)
Dividend paid	—	(55,187)
Deemed distribution	—	(49,088)
Distribution to a minority shareholder upon liquidation of a subsidiary	—	(1,229)
New bank borrowings raised	741,876	129,000
Repayment of bank borrowings	(224,000)	(94,226)
Interest paid	(11,997)	(8,271)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	153,789	(96,561)
NET INCREASE IN CASH AND CASH EQUIVALENTS	47,185	6,647
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	215,456	169,951
CASH AND CASH EQUIVALENTS AT END OF PERIOD, represented by bank balances and cash	262,641	176,598

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007

1. GROUP RESTRUCTURING AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap 22 (Laws of 1961, as consolidated and revised) of the Cayman Islands on 15 March 2007. Its immediate holding company and ultimate holding company are CS International and Loyson Pacific Limited respectively. Both of them are limited companies incorporated in the British Virgin Islands. The addresses of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and 4th Floor, 20-24 Kwai Wing Road, Kwai Chung, New Territories, Hong Kong respectively.

Pursuant to a corporate reorganisation (the "Corporate Reorganisation") in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing"), the Company became the holding company of the Group on 26 June 2007 by issuing shares in exchange for the entire share capital of Times Supermarket. Details of the Corporate Reorganisation are set out in the prospectus (the "Prospectus") dated 29 June 2007 issued by the Company.

The shares of the Company have been listed on the Stock Exchange since 16 July 2007.

The Company, Times Supermarket, Swift Harvest and Jiangsu Times (and its subsidiaries) are considered to be companies under common control throughout the periods presented where Fang Brothers was the controlling shareholder of these entities before and after the Corporate Reorganisation. The Group has accounted for such business combinations involving entities under common control by the principle of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Accountants (the "HKICPA").

1. GROUP RESTRUCTURING AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS - Continued

The consolidated income statements, consolidated statements of changes in equity and consolidated cash flow statements for the periods presented include the results, changes in equity and cash flows of the companies comprising the Group as if the current Group structure had been in existence throughout the periods presented, or since their respective dates of incorporation or establishment where this is a shorter period and in accordance with the respective equity interests in the individual companies attributable to the controlling shareholder during the periods presented, except for Meili International Limited ("Meili International"), Hong Fung Limited ("Hong Fung"), East Fine Enterprise Limited ("East Fine"), Wealthland Corporation Limited ("Wealthland"), Goldwell Corporation Limited ("Goldwell"), Branda International Group Limited ("Branda International") and Waho (China) Limited ("Waho"), of which their results and cash flows have been accounted for from the respective effective dates of the acquisitions.

The consolidated balance sheet of the Group as at 31 December 2006 has been prepared to present the assets and liabilities of the companies comprising the Group as if the current group structure had been in existence at that date and in accordance with the respective equity interests in the individual companies attributable to the controlling shareholder at that date, except for the assets and liabilities of Meili International, Hong Fung, East Fine, Wealthland, Goldwell, Branda International and Waho, which were consolidated from the respective effective dates of the acquisitions.

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 34.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current interim period, the Group has applied, for the first time, a new standard, amendment and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 January 2007.

The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior year adjustment has been required.

The Group has not early applied the following new standards or interpretations that have been issued but are not yet effective.

HKAS 23 (Revised)	Borrowing costs [1]
HKFRS 8	Operating segments [1]
HK(IFRIC) - INT 11	HKFRS 2: Group and treasury share transactions [2]
HK(IFRIC) - INT 12	Service concession arrangements [3]

1 Effective for accounting periods beginning on or after 1 January 2009.
2 Effective for accounting periods beginning on or after 1 March 2007.
3 Effective for accounting periods beginning on or after 1 January 2008.

The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis and in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of consolidation - Continued

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Merger accounting for business combinations under common control

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided and services rendered in the normal course of business, net of discounts and sales related taxes.

Revenue from the sales of merchandise is recognised when the merchandise is delivered and title has passed.

Commissions from concessionaire sales are recognised upon the sale of goods by the relevant concessionaire suppliers.

Rental income from leasing of shop premises is recognised on a straight-line basis over the term of the relevant lease.

Service income including promotion income, delivery service income and management fee income is recognised when services are rendered.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Taxation

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

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income and expense that are taxable or deductible in other periods and it further excludes items that are never taxable and deductible. The Group's liability for current tax is calculated using tax rate that have been enacted or substantively enacted at the balance sheet date.

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

Taxation - Continued

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

Government grant

Government grants with no further related cost are recognised as income when they are unconditional and become receivable.

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, leasehold land which title is not expected to pass to the lessee by the end of the lease term is classified as an operating lease unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is classified as a finance lease.

Borrowing costs

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the period in which the item is derecognised.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are mainly classified as loans and receivables. The accounting policies adopted in respect of loans and receivables are set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, amount due from immediate holding company, pledged bank deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

Financial instruments - Continued

Financial liabilities

Financial liabilities (including trade and other payables, amounts due to a related company/ultimate holding company/a fellow subsidiary and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007

4. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, pledged bank deposits, bank balances, trade and other payables and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Categories of financial instruments

	30.6.2007	31.12.2006
	RMB'000	*RMB'000*
Financial assets		
Cash	27,453	27,733
Loans and receivables	393,827	269,072
	421,280	296,805
Financial liabilities		
Amortised cost	1,569,166	1,196,955

Market risk

Fair value interest rate risk

The Group's fair value interest rate risk relates primarily to its fixed-rate bank borrowings (see notes 26 for details of these borrowings). The Group has not used any derivative contracts to hedge its exposure to interest rate risk.

4. FINANCIAL INSTRUMENTS - Continued

Financial risk management objectives and policies - Continued

Market risk - Continued

Cash flow interest rate risk

The Group's cash flow interest rate risk relates primarily to variable-rate bank balances and bank borrowings (see note 26 for details of these borrowings). The Group has not used any interest rate swaps to mitigate its exposure associated with fluctuations relating to interest cash flows.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The sensitivity analysis below has been determined based on the exposure to interest rate at the reporting dates and the stipulated change taking place at the beginning of the respective interim periods and held constant throughout the reporting periods. A 50 basis point represents management's assessment of possible change in interest rates.

At 30 June 2007 and 2006, if interest rate had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the period would increase/decrease by approximately RMB1,603,000 and RMB120,000 respectively. The Group's sensitivity to the interest rate has increased during the current period mainly due to increase in variable-rate bank borrowings.

Currency risk

Several subsidiaries of the Company have bank borrowings, bank balances and amount due to ultimate holding company denominated in Hong Kong dollar which is different from the functional currency of the respective group entities. Hence, exposures to foreign exchange rate fluctuation arise. The Group has not entered into any forward contract to hedge against its foreign currency exposure. However, the management of the Group will consider to hedge these balances should the need arise.

4. FINANCIAL INSTRUMENTS - Continued

Financial risk management objectives and policies - Continued

Currency risk - Continued

The following table details the Group's sensitivity to a 3% increase in Renminbi against Hong Kong dollar. The sensitivity analysis includes only outstanding monetary items denominated in Hong Kong dollar and adjusts their translations during the period for a 3% change in Renminbi against Hong Kong dollar. The 3% change represents management's assessment of the possible change in foreign currency rates. The sensitivity analysis of the Group's exposure to foreign currency risk at the reporting date has been determined based on the change taking place at the balance sheet dates and held constant throughout the reporting periods. The sensitivity analysis focuses on the bank borrowings, bank balances and amount due to ultimate holding company as their denomination is in Hong Kong dollar. The following table indicates an increase in profit for the periods where Renminbi strengthens against Hong Kong dollar.

	Six months ended	
	30.6.2007	30.6.2006
	RMB'000	*RMB'000*
		(unaudited)
Increase in profit for the period	18,098	3,355

In the opinion of the directors of the Company, the sensitivity analysis is not necessarily representative of the inherent foreign exchange risk as the exposure at the respective balance sheet dates does not reflect the exposure during the periods.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the balance sheet dates in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheets.

The major financial assets of the Group are pledged bank deposits and bank balances, which are deposited with banks with high credit-ratings and the Group has limited exposure to any single financial institution.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

4. FINANCIAL INSTRUMENTS - Continued

Financial risk management objectives and policies - Continued

Liquidity risk

The Group has net current liabilities of approximately RMB136,621,000 as at 30 June 2007. The consolidated financial statements have been prepared on a going concern basis because the net proceeds from the Listing of approximately RMB935,975,000 enable the Group to meet in full its financial obligations as they fall due for the foreseeable future. The Group's liquidity position is monitored on a daily basis by the management and is reviewed monthly by the directors of the Company. The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amounts of the financial liabilities on each balance sheet date.

	Weighted average effective interest rate	0-30 days	31 to 90 days	91 to 180 days	181 to 365 days	1 to 2 years	Adjustments	Total
	%	*RMB,000*	*RMB,000*	*RMB,000*	*RMB,000*	*RMB,000*	*RMB,000*	*RMB,000*
As at 30 June 2007								
Non-interest bearing	—	377,195	439,097	26,570	15,149	—	—	858,011
Variable interest rate instruments	5.5	46,882	—	—	—	610,506	(16,233)	641,155
Fixed interest rate instruments	6.71	—	—	30,689	41,279	—	(1,968)	70,000
		424,077	439,097	57,259	56,428	610,506	(18,201)	1,569,166
As at 31 December 2006								
Non-interest bearing	—	421,131	444,275	111,228	18,321	—	—	994,955
Variable interest rate instruments	5.5	—	—	49,302	—	—	(1,302)	48,000
Fixed interest rate instruments	6.48	15,037	—	40,933	102,309	—	(4,279)	154,000
		436,168	444,275	201,463	120,630	—	(5,581)	1,196,955

4. FINANCIAL INSTRUMENTS - Continued

Financial risk management objectives and policies - Continued

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 26, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and accumulated profits.

The Group's board of directors reviews the capital structure on a continuous basis. As a part of this review the board of directors considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the repayment of existing debt. The Group's overall strategy remains unchanged from 2006.

Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions.

The directors consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

5. REVENUE

Revenue, which is also turnover of the Group, represents the amounts received and receivable for merchandise sold by the Group to outside customers and the service income, less sales tax during the periods. An analysis of the Group's revenue for the period is as follows:

	Six months ended	
	30.6.2007	30.6.2006
	RMB'000	*RMB'000*
		(unaudited)
Sales of merchandise	1,619,179	1,359,669
Commissions from concessionaire sales *(Note)*	42,466	35,003
	1,661,645	1,394,672

Note:

The commissions from concessionaire sales are analysed below:

Gross proceeds received from concessionaire sales	335,301	262,351
Commissions from concessionaire sales	42,466	35,003

6. SEGMENT INFORMATION

The Group is principally engaged in the operation of hypermarkets and supermarkets in the PRC. Nearly all identifiable assets of the Group are located in the PRC. Accordingly, no segmental analysis is presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007

7. OTHER INCOME

	Six months ended	
	30.6.2007 *RMB'000*	30.6.2006 *RMB'000* *(unaudited)*
Promotion income	60,224	40,508
Rental income from leasing of shop premises	50,199	35,845
Government subsidies *(Note a)*	2,580	—
Delivery service income	11,762	10,414
Interest income on bank deposits	2,032	972
Interest income on amount due from a related company *(Note 33)*	607	274
Indemnity income *(Note b)*	348	806
Management fee income received from ultimate holding company *(Note c)* *(Note 33)*	—	4,685
Exchange gain	11,189	4,574
Others	1,468	4,442
	140,409	102,520

Notes:

(a) The amounts represent subsidies received from 南通經濟開發區財政局 for the purpose of encouraging the Group to expand its retailing business. There are no conditions attached to the subsidies granted to the Group.

(b) The amount represented the indemnity received from the landlords and suppliers for early termination of leases and breach of supply agreements respectively. The amount was determined in accordance with the terms of respective lease and supply agreements.

(c) The management fee income represented remuneration received from S.C. Fang & Sons Company Limited ("S.C. Fang & Sons"), the ultimate holding company of the Group prior to the completion of Corporate Reorganisation, which engaged the Group for advice and update on the real estate market condition in the PRC for the main purpose of identifying property investment opportunities. In return for the provision of such services, S.C. Fang & Sons paid a management fee to the Group to commensurate for the Group's effort and contribution. It was calculated at 2.5% of the total investment amount of relevant investment project successfully introduced and accepted by S.C. Fang & Sons. The Group had ceased to provide such advisory services since 1 January 2007.

8. OTHER EXPENSES

The amount represents professional fees and other expenses related to the Listing. Pursuant to HKAS 32 Financial Instruments: Presentation, the transaction costs of an equity transaction are accounted for an deduction from equity to the extent they are directly attributable to the issuing of new shares. The remaining costs are recognised as an expense when incurred.

9. FINANCE COSTS

	Six months ended	
	30.6.2007	30.6.2006
	RMB'000	*RMB'000*
		(unaudited)
Interests on bank borrowings wholly repayable within five years	11,164	4,227
Interests on amount due to a fellow subsidiary wholly repayable within five years *(note 25)*	833	4,044
	11,997	8,271

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007

10. TAXATION

	Six months ended	
	30.6.2007	30.6.2006
	RMB'000	*RMB'000*
		(unaudited)
The charge comprises PRC Enterprise Income Tax:		
Current taxation	30,431	—
Deferred tax (credit) charge		
Current period	(790)	19,507
Attributable to a change in tax rate	160	—
	(630)	19,507
	29,801	19,507

PRC Enterprise Income Tax is calculated at a tax rate of 33%, which is the prevailing tax rate in the PRC.

On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") which will reduce the tax rate from 33% to 25% for the PRC subsidiaries effective from 1 January 2008. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised.

10. TAXATION - Continued

The taxation charge for the six months ended 30 June 2007 and 2006 can be reconciled to the profit before taxation per the consolidated income statement as follows:

	Six months ended	
	30.6.2007	30.6.2006
	RMB'000	*RMB'000*
		(unaudited)
Profit before taxation	72,965	60,361
Taxation at the domestic income tax rate of 33%	24,078	19,919
Tax effect of expenses not deductible for tax purpose	9,793	655
Tax effect of income not taxable for tax purpose	(4,345)	(1,493)
Tax effect of tax losses not recognised	115	426
Decrease in opening deferred tax asset resulting from a decrease in the domestic income tax rate	160	—
Taxation for the period	29,801	19,507

The domestic income tax rate represents the tax rate in the jurisdiction where the operation of the Group is substantially based.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007

11. PROFIT FOR THE PERIOD

	Six months ended	
	30.6.2007	30.6.2006
	RMB'000	*RMB'000*
		(unaudited)
Profit for the period has been arrived at after charging:		
Auditor's remuneration	900	—
Cost of inventories recognised as expense	1,378,681	1,160,271
Depreciation of property, plant and equipment	29,011	27,863
Operating lease rentals in respect of rented land and premises	67,992	51,279
Prepaid lease payments charged to profit and loss	1,945	—
Loss on disposal of property, plant and equipment	245	708
Staff costs:		
Directors' remuneration	—	—
Salaries and other benefits	86,057	67,343
Retirement benefits scheme contributions	6,717	4,514
	92,774	71,857

12. EMPLOYEES' EMOLUMENTS

All the five individuals with the highest emoluments during each of the six-month periods ended 30 June 2007 and 2006 were employees of the Group. The emoluments of the five individuals were as follows:

	Six months ended	
	30.6.2007	30.6.2006
	RMB'000	*RMB'000*
		(unaudited)
Salaries and other benefits	1,017	900

The emolument of each of the individuals during each of the six-month periods ended 30 June 2007 and 2006 was within HK$1,000,000.

During each of the six-month periods ended 30 June 2007 and 2006, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office and no directors of the Company waived or agreed to waive any emoluments.

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13. DIVIDENDS

	Six months ended	
	30.6.2007	30.6.2006
	RMB'000	*RMB'000*
		(unaudited)
Dividends paid	—	55,187

Pursuant to the shareholders' meeting dated 10 February 2006, Jiangsu Times declared dividends of RMB55,187,000 for the year ended 31 December 2005, which were distributed to the shareholders according to their respective proportion of equity interests.

No dividends were paid during the six months ended 30 June 2007. The directors do not recommend the payment of an interim dividend.

14. EARNINGS PER SHARE

The calculation of the basic earnings per share for each of the six-month periods ended 30 June 2007 and 2006 is based on the consolidated profit attributable to equity holders of the Company for each of the six-month periods ended 30 June 2007 and 2006 and on the basis of 631,800,000 shares of the Company in issue as at 30 June 2007 and issuable pursuant to the capitalisation issue of 581,800,000 shares, details of which are set out in the Prospectus.

There was no diluted earnings per share presented for both periods as there were no potential ordinary shares outstanding.

15. PROPERTY, PLANT AND EQUIPMENT

	Building *RMB'000*	Leasehold improvements *RMB'000*	Furniture, fixtures and equipment *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
COST					
At 1 January 2006	—	209,847	257,854	8,755	476,456
Additions	—	58,308	58,680	2,279	119,267
Disposals	—	(6,677)	(7,416)	(1,053)	(15,146)
At 31 December 2006	—	261,478	309,118	9,981	580,577
Additions	2,538	18,712	38,318	474	60,042
Acquired on acquisition of assets (note 32)	177,101	—	15,017	—	192,118
Disposals	—	(3,691)	(3,420)	(435)	(7,546)
At 30 June 2007	179,639	276,499	359,033	10,020	825,191
DEPRECIATION					
At 1 January 2006	—	63,373	112,303	3,884	179,560
Charge for the year	—	23,415	28,099	1,328	52,842
Eliminated on disposals	—	(4,904)	(6,031)	(613)	(11,548)
At 31 December 2006	—	81,884	134,371	4,599	220,854
Charge for the period	1,873	11,417	15,038	683	29,011
Eliminated on disposals	—	(3,691)	(2,888)	(312)	(6,891)
At 30 June 2007	1,873	89,610	146,521	4,970	242,974
CARRYING VALUES					
At 30 June 2007	177,766	186,889	212,512	5,050	582,217
At 31 December 2006	—	179,594	174,747	5,382	359,723

15. PROPERTY, PLANT AND EQUIPMENT - Continued

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	Over the shorter of the remaining term of lease, or 35 years
Leasehold improvements	Over the remaining term of lease
Furniture, fixtures and equipment	9.5% - 24.3%
Motor vehicles	11.3% - 18%

16. PREPAID LEASE PAYMENTS

	30.6.2007 *RMB'000*	31.12.2006 *RMB'000*
The Group's prepaid lease payments comprise:		
Leasehold land located in the PRC under medium-term leases	219,252	—
Analysed for reporting purposes as:		
Current assets	6,119	—
Non-current assets	213,133	—
	219,252	—

17. PREPAID LEASE RENTALS

The amounts represent prepaid rentals to landlords for its shops and office premises in accordance with relevant lease agreements.

18. DEFERRED TAXATION

The followings are the major deferred tax assets recognised by the Group and movement thereon, during period/year:

	Temporary difference arising from amortisation of pre-operating expenses	Tax losses	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2006	6,105	19,976	—	26,081
Credit (charge) to consolidated income statement for the year	2,340	(19,976)	—	(17,636)
At 1 January 2007	8,445	—	—	8,445
(Charge) credit to consolidated income statement for the period	(1,109)	—	1,899	790
Effect of change in tax rate	(160)	—	—	(160)
At 30 June 2007	7,176	—	1,899	9,075

At 30 June 2007, the Group had unused tax losses of approximately RMB349,000 (31 December 2006: Nil) available to offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The tax losses can be carried forward for five years from the year in which they arose.

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19. INVENTORIES

	30.6.2007	31.12.2006
	RMB'000	*RMB'000*
At cost:		
Merchandise for resale	337,973	405,791
Consumables	9,864	16,294
	347,837	422,085

20. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 30 to 90 days for bulk purchases by corporate customers with good repayment history. The Group's retail sales to customers are mainly conducted on cash basis, including payments by cash and credit cards.

The following is an aging analysis of trade receivables at the balance sheet dates:

	30.6.2007	31.12.2006
	RMB'000	*RMB'000*
0 -30 days	3,872	2,250
31 - 60 days	753	257
61 - 90 days	6	201
Over 90 days	304	21
	4,935	2,729
Prepayments, deposits and other receivables	141,170	68,098
	146,105	70,827

21. AMOUNT DUE FROM IMMEDIATE HOLDING COMPANY

The amount was unsecured, interest-free and repayable on demand.

22. PLEDGED BANK DEPOSITS

The deposits carry average effective interest rates of 0.72% (1 January 2006 to 31 December 2006: 0.7%) per annum. The pledged bank deposits will be released upon the settlement of relevant bills payable included in trade payables.

23. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group with an original maturity of three months or less. At 30 June 2007, bank balances of approximately RMB19,776,000 (31 December 2006: Nil) were denominated in Hong Kong dollar. These balances carry interest at an average interest rate of 4.4% per annum. The remaining balances of approximately RMB215,412,000 (31 December 2006: RMB187,723,000) carry interest rates of 0.72% (1 January 2006 to 31 December 2006: 0.7% to 1.7%) per annum.

24. TRADE AND OTHER PAYABLES

The following is an aging analysis of trade and bills payables at the balance sheet dates:

	30.6.2007	31.12.2006
	RMB'000	*RMB'000*
0 - 30 days	171,072	256,095
31 - 60 days	149,844	136,675
61 - 90 days	76,286	50,585
Over 90 days	87,434	119,947
	484,636	563,302
Other payables, deposits and accrued charges	373,375	281,286
	858,011	844,588

24. TRADE AND OTHER PAYABLES - Continued

Trade and other payables principally comprise amounts outstanding for trade purposes and ongoing costs. The analysis of bills payables is as follows:

	30.6.2007	31.12.2006
	RMB'000	*RMB'000*
Secured	12,492	10,506
Unsecured	—	9,129
	12,492	19,635

25. AMOUNTS DUE TO A RELATED COMPANY/ULTIMATE HOLDING COMPANY/A FELLOW SUBSIDIARY

The amounts due to a related company, 南通中誠實業有限公司, and a fellow subsidiary, Hua Tai Garment Factory Limited ("Hua Tai"), under current liabilities as at 31 December 2006 were unsecured, interest-free and were repayable on demand. The beneficial shareholder of the related company was also the director of the Company. Hua Tai was a fellow subsidiary of the Group prior to the completion of Corporate Reorganisation.

The amount due to ultimate holding company, S.C. Fang & Sons, (the "Debt") as at 31 December 2006 was unsecured, interest-free, repayable on demand and denominated in Hong Kong dollar. Pursuant to the Corporate Reorganisation, the Debt amounted to RMB79,777,000 was ultimately assigned to a subsidiary of the Company, Times Supermarket, satisfied by issuing one share of Times Supermarket ("Share") amounting to US$1 to the immediate holding company, CS International. Details of the above are set out in the Prospectus. As a result of this assignment, a surplus of approximately RMB79,777,000 over the nominal value of the Share was credited to the equity of the Group as a shareholder's contribution.

The amount due to a fellow subsidiary, Hua Tai, under non-current liability as at 31 December 2006 was unsecured and interest bearing at 5.5% per annum. The entire amount has been subsequently settled during the six months ended 30 June 2007.

26. BANK BORROWINGS

	30.6.2007	31.12.2006
	RMB'000	*RMB'000*
Bank loans at amortised cost:		
Secured	—	125,000
Unsecured	711,155	77,000
	711,155	202,000
Carrying amounts repayable:		
Within one year	116,771	202,000
More than one year, but not exceeding two years	594,384	—
	711,155	202,000
Less: Amounts due within one year shown under current liabilities	(116,771)	(202,000)
	594,384	—

As at 30 June 2007, the bank borrowings included bank loans denominated in Hong Kong dollar of approximately RMB641,155,000 (31 December 2006: RMB48,000,000), which carry interest rates of HIBOR plus 0.8% to 0.95% per annum (31 December 2006: HIBOR plus 0.95% per annum) and effective interest rate of 5.5% per annum (31 December 2006: 5.5% per annum) and were guaranteed by S.C. Fang & Sons. Such guarantee was subsequently released on 16 July 2007. The remaining bank borrowings were denominated in Renminbi and carry average fixed interest rate of 6.7% (2006: 6.4%) per annum.

As at 31 December 2006, bank loans of RMB77,000,000 were secured by the properties and land use right owned by related companies. The remaining secured bank loans were guaranteed by S.C. Fang & Sons, a fellow subsidiary and related companies. The related companies are companies in which certain directors of the Company have beneficial interests and controlling power. As at 30 June 2007, all these securities and guarantees granted by related parties have been released.

27. SHARE CAPITAL

	Par value of each ordinary share	Number of shares	Share capital	
	HK$	*'000*	*HK$'000*	*RMB'000*
Ordinary shares				
Authorised:				
On date of incorporation *(Note a)*	0.01	10,000	100	—
Increase on 26 June 2007 *(Note b)*	0.01	1,490,000	14,900	—
At 30 June 2007	0.01	1,500,000	15,000	—
Issued:				
1 share allotted and issued nil paid on date of incorporation *(Note a)*	0.01	—	—	—
Issue of shares on Corporate Reorganisation *(Note c)*	0.01	50,000	500	485
At 30 June 2007	0.01	50,000	500	485

Notes:

(a) The Company was incorporated in the Cayman Islands on 15 March 2007 with an authorised share capital of HK$100,000 divided into 10,000,000 shares of HK$0.01 each. 1 share of HK$0.01 was issued nil paid to CS International on date of incorporation.

(b) Pursuant to the written resolutions on 26 June 2007, the authorised share capital of the Company was increased from HK$100,000 to HK$15,000,000 by the creation of an additional of 1,490,000,000 shares.

(c) Pursuant to the share swap agreement entered between the Company and CS International on 26 June 2007, the Company allotted and issued 49,999,999 shares to CS International and credited the nil-paid share issued on 15 March 2007 as fully paid in consideration to acquire the entire interest in Times Supermarket from CS International.

(d) The share capital as at 31 December 2006 represents the issued share capital of Times Supermarket of US$950 (equivalent to approximately RMB8,000).

28. OPERATING LEASE COMMITMENTS

The Group as lessee

At the balance sheet dates, the Group had the following future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30.6.2007 RMB'000	31.12.2006 RMB'000
Within one year	203,445	104,246
In the second to fifth year inclusive	1,172,396	843,463
Over five years	3,011,788	3,347,667
	4,387,629	4,295,376

Operating lease payments represent rentals payable by the Group for its shop and office premises. Leases are negotiated and rentals are fixed for lease term of 15 years.

The Group as lessor

At the balance sheet dates, the Group had contracted with tenants in respect of leasing of retail booths for the following future minimum lease payments:

	30.6.2007 RMB'000	31.12.2006 RMB'000
Within one year	80,766	60,217
In the second to fifth year inclusive	72,749	72,685
Over five years	—	19,817
	153,515	152,719

Leases are negotiated and rentals are fixed for lease term of one to twenty years.

29. CAPITAL COMMITMENTS

	30.6.2007 RMB'000	31.12.2006 RMB'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	107,657	20,160

30. RETIREMENT BENEFIT PLAN

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

The amounts of contributions made by the Group in respect of the retirement benefit scheme during each of the periods are disclosed in note 11.

31. SHARE OPTION SCHEME

The Company's share option scheme ("Share Option Scheme") was approved and adopted by the written resolutions of the shareholder of the Company passed on 26 June 2007 to recognise and acknowledge the contributions of selected participants to the growth of the Group.

The board of directors (the "Board") may, in its absolute discretion, offer to grant options to any executive and employee of the Group, any director (including non-executive director and independent non-executive director) and any consultant, adviser and/or agent of the Group whom the Board considered have contributed or will contribute to the Group.

31. SHARE OPTION SCHEME - Continued

The maximum number of shares in respect of which options may be granted under the Share Option Scheme must not in aggregate exceed 10% of the total number of shares in issue as at the date on which the shares of the Company are listed on the Stock Exchange excluding the shares to be granted under the over-allotment option which can be refreshed according to the Stock Option Scheme. The number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised at any time under the Stock Option Scheme shall not exceed 30% of the shares in issue of the Company from time to time.

The total number of shares issued and which fall to be issued upon the exercise of the options granted under the Share Option Scheme (including both exercised and outstanding options) to any individual in any 12-month period up to the date of offer to grant shall not exceed 1% of the shares of the Company in issue as at the date of offer to grant. Any further grant of options in excess of this 1% limit shall be subject to issuance of a circular by the Company and approval by the Company's shareholders in accordance with the Share Option Scheme.

Subject to the rules of the Share Option Scheme, options may be exercised, in whole or in part, at any time during the period from the date of acceptance of an offer of the grant of such option to the earlier of the date on which such option lapses and the tenth anniversary of the Share Option Scheme. No amount is payable on acceptance of an offer of options.

The exercise price is determined by the directors of the Company, and will not be less than the higher of the nominal value of the share; the closing price of the Company's shares on the date of offer; and the average closing price of the shares for the five business days immediately preceding the date of offer.

No option has been granted since the adoption of the Share Option Scheme.

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32. ACQUISITION OF ASSETS

The Group acquired certain properties through purchase of the entire equity interest of the following companies ("Acquired Companies"):

Name of company	Meili International	Hong Fung	Waho	East Fine	Wealthland	Goldwell	Total
Date of acquisition	6 March 2007	8 March 2007	12 March 2007	8 March 2007	8 March 2007	8 March 2007	
Seller	Trueway Investment Limited *(notes 1 & 3)*	Mr. Woo Lap Fu *(note 2)*	Mr. Fang Yan Tak, Douglas *(note 3)*	Mr. Fang Kenneth Hung *(note 3)*	Mr. Fang Kenneth Hung *(note 3)*	Mr. Fang Kenneth Hung *(note 3)*	
Consideration:							
In HKD ('000)	18,382	23,442	7,083	65,498	—	10,581	124,986
In RMB ('000)	18,198	23,208	7,013	64,843	—	10,475	123,737
Net assets acquired (RMB'000):							
Non-current assets							
Property, plant and equipment	25,596	57,722	9,682	52,981	—	46,137	192,118
Prepaid lease payments	9,079	33,467	22,303	102,031	25,363	7,639	199,882
Deposits paid for acquisition of property, plant and equipment	—	5,400	—	—	—	—	5,400
Current assets							
Prepaid lease payments	430	884	679	3,108	546	229	5,876
Other receivables	5	5,379	28	23	5	10	5,450
Amounts due from related companies	—	20,126	—	—	—	—	20,126
Bank balance and cash	231	4,568	1,192	2,497	512	1,676	10,676
Current liabilities							
Amount due to a director	(7,805)	(40,010)	(23,281)	(38,875)	(20,015)	(8,009)	(137,995)
Amounts due to related companies	—	(45,732)	(3,488)	(53,489)	(6,401)	(36,863)	(145,973)
Other payables	(9,338)	(18,296)	(10)	(3,193)	(10)	(243)	(31,090)
Tax payable	—	(300)	(92)	(240)	—	(101)	(733)
	18,198	23,208	7,013	64,843	—	10,475	123,737

32. ACQUISITION OF ASSETS - Continued

Notes:

(1) Mr. Fang Kenneth Hung is the sole director and shareholder of Trueway Investment Limited.

(2) Mr. Woo Lap Fu ("Mr. Woo") is a senior officer of Hua Tai. Mr. Woo held the equity interest of Hong Fung as nominee for Mr. Fang Kenneth Hung.

(3) Mr. Fang Yan Tak, Donglas and Mr. Fang Kenneth Hung are the directors of the Company.

The net cash used in acquisition of assets (net of cash and cash equivalents acquired) amounted to approximately RMB113,061,000.

The principal assets of the Acquired Companies are properties. The Group is in substance acquiring assets instead of business. The consideration was fully settled in cash.

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FOR THE SIX MONTHS ENDED 30 JUNE 2007

33. RELATED PARTY TRANSACTIONS

Apart from the amounts due from/to related parties as set out in notes 21 and 25, during the periods, the Group had entered into the following significant transactions with related parties:

	Six months ended 30.6.2007 RMB'000	Six months ended 30.6.2006 RMB'000 (unaudited)
Sales to Nantong Times Property Co., Ltd *(Note a)*	48,740	45,768
Supply to marketing materials to Nantong Times Property Co., Ltd *(Note a)*	464	650
Purchases from 南通中誠實業有限公司 *(Note b)*	190	301
Management fee paid to 南通輝騰置業有限公司 *(Note b)*	200	200
Facilities usage fee paid to 南通輝騰置業有限公司 *(Note b)*	300	300
Rentals paid to		
Meili International *(Note c)*	167	450
Hong Fung *(Note c)*	1,080	—
Waho *(Note c)*	250	304
East Fine *(Note c)*	1,266	—
Goldwell *(Note c)*	467	—
南通輝騰置業有限公司 *(Note b)*	500	500
	3,730	1,254
Interest paid to Hua Tai *(Note a)*	833	4,044
Interest paid to 南通中誠實業有限公司 *(Note b)*	386	—
Interest received from 南通中誠實業有限公司 *(Note b)*	—	274
Interest received from 南通德誠房地產有限公司 *(Note b)*	607	—
Management fee paid to S.C. Fang & Sons *(Note d)*	—	5,045
Management fee received from S.C. Fang & Sons *(Note 7)*	—	4,685
Management fee received from Nantong Times Property Co. Ltd.	9	—

33. RELATED PARTY TRANSACTIONS - Continued

Notes:

(a) Nantong Times Property Co., Ltd. and Hua Tai are fellow subsidiaries of the Group prior to the completion of the Corporate Reorganisation.

(b) These are related companies of the Group, in which certain directors of the Company have beneficial interests.

(c) These were related companies of which certain directors have controlling interest and were subsequently acquired by the Group. Details are set out in note 32.

(d) The management fee paid represents the remuneration received by S.C. Fang & Sons in connection to provision of financial management services and human resources management services rendered to the Group during the six months ended 30 June 2006.

In March 2007, the Group acquired the Acquired Companies from the directors of the Company with a consideration in aggregate of approximately RMB123,737,000. Details are set out in note 32.

On 8 March 2007, the Group acquired the entire issued share capital of Branda International from the director of the Company at a consideration of US$1.

During the six months ended 30 June 2007 and 2006, Jiangsu Times provided management and operation services to Nantong Times Property Co., Ltd. in respect of its supermarket ("Supermarket") located at 57 Ren Min Dong Lu, Nantong without charging any fee. On 18 June 2007, the Group and Nantong Times Property Co., Ltd. entered into a management agreement for a term of three years for the provision of management and operation services to the Supermarket at a fee of 0.2% of the total monthly turnover of the Supermarket.

At 31 December 2006, certain related companies provided guarantees and securities for banking facilities granted to the Group. Details are set out in note 26. The directors of the Company, Mr. Kenneth Fang, Mr. Douglas Fang and Mr. Gao Chunhe, are also directors of these related companies.

The directors of the Company considered that the directors and the five highest paid individuals are the key management of the Group, whose emoluments have been disclosed in note 12.

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FOR THE SIX MONTHS ENDED 30 JUNE 2007

34. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the Company's subsidiaries as at 30 June 2007 are as follows:

Name of the subsidiary	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Proportion of ownership interest held by the Company	Principal activities
Times Supermarket*	BVI	US$951	100%	Investment holding
Swift Harvest	Hong Kong	HK$1	100%	Investment holding
江蘇時代超市有限公司# Jiangsu Times	PRC	RMB162,276,000	100%	Hypermarket and supermarket operations
Hong Fung	Hong Kong	HK$1	100%	Investment holding
Waho	Hong Kong	HK$1	100%	Investment holding
East Fine	Hong Kong	HK$1	100%	Investment holding
Wealthland	Hong Kong	HK$1	100%	Investment holding
Goldwell	Hong Kong	HK$1	100%	Investment holding
Meili International	BVI	US$1	100%	Investment holding
Branda International	BVI	US$1	100%	Investment holding
南通康豐置業有限公司# Nantong Kangfeng Properties Limited**	PRC	HK$35,000,000	100%	Property Investment
南通康豐倉儲有限公司## Nantong Kangfeng Storage Limited**	PRC	RMB10,000,000	100%	Property investment
諸暨德誠置業有限公司# Zhuji Decheng Properties Limited**	PRC	US$3,000,000	100%	Property investment

34. PARTICULARS OF SUBSIDIARIES OF THE COMPANY - Continued

Name of the subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Proportion of ownership interest held by the Company	Principal activities
南通耀東置業有限公司 # Nantong Yaodong Properties Limited**	PRC	US$5,000,000	100%	Property investment
南通富華置業有限公司 # Nantong Fuhua Properties Limited**	PRC	HK$20,000,000	100%	Property investment
池州市富華置業有限公司 ## Chizho City Fuhua Properties Limited**	PRC	RMB37,000,000	100%	Property investment
南通金優置業有限公司 # Nantong Jinyou Properties Limited**	PRC	HK$22,500,000	100%	Property investment
南通美林置業有限公司 # Nantong Meili Properties Limited**	PRC	US$1,550,000	100%	Property investment
南通奔達置業有限公司 # Nantong Branda Properties Limited**	PRC	HK$8,000,000	100%	Property investment

* Times Supermarket is directly held by the Company whereas the remaining subsidiaries are indirectly held by the Company.

** The English names of these PRC incorporated entities are for identification purpose only.

\# Wholly foreign owned enterprise registered in the PRC.

\## Limited liability companies registered in the PRC.

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35. POST BALANCE SHEET EVENTS

The following events took place subsequent to 30 June 2007:

(a) On 16 July 2007, the Company issued 210,600,000 new shares pursuant to the Listing and the Company's shares were listed on the Stock Exchange on the same date.

(b) Pursuant to the written shareholder's resolutions passed on 26 June 2007, the Company allotted and issued an aggregate of 581,800,000 shares by way of capitalisation from the amount standing to the credit of the share premium account of the Company on 16 July 2007 amounting to HK$5,818,000, details of which are set out in the Prospectus.

(c) On 20 July 2007, an overallotment option of 31,590,000 shares was exercised by The Hongkong and Shanghai Banking Corporation Limited, the sole global coordinator and sole bookrunner of the Listing.