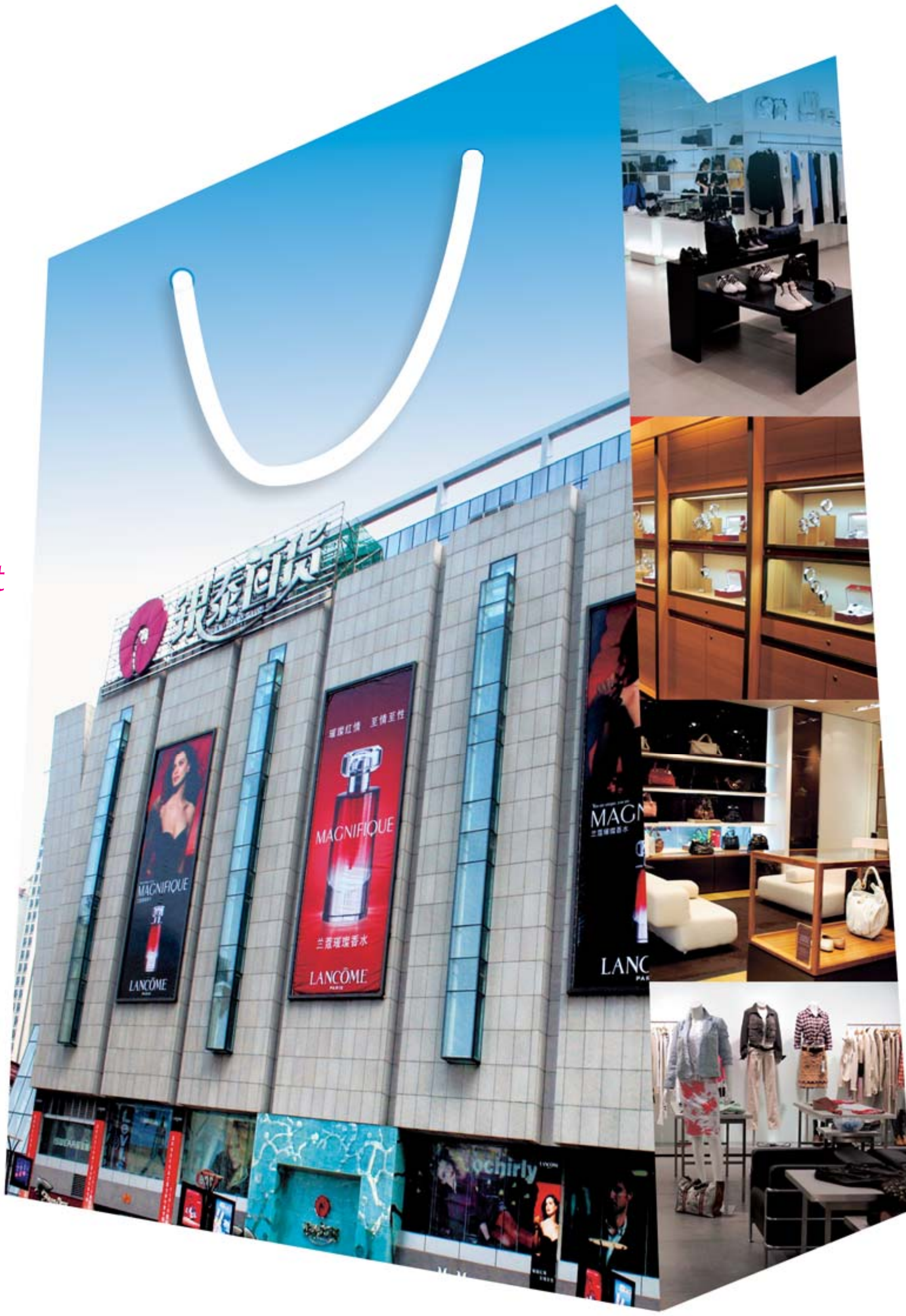
Intime Department Store (Group) Company Limited

銀泰百貨(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)



2008
Interim Report

Stock Code: 1833

Contents

Corporate Profile

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

The Group commenced its department store business in 1998 when its first department store was established in Hangzhou, namely the Hangzhou Wulin store. After ten years of development, the Group has developed into a large-scale department store chain in Zhejiang province and holds equity interests in two domestic listed department store companies – Baida Group Co., Ltd. ("Baida") and Wuhan Department Store Group Co., Ltd. ("Wushang"). The Group commenced to have significant influence over Wushang and Baida by having board representation on their board of directors in June 2007 and May 2008 respectively, and accounted for the investments in Wushang and Baida as investments in associates.

The Group currently operates ten department stores, including eight department stores located in the principal cities within Zhejiang province, with three stores in Hangzhou, three in Ningbo, one each in Wenzhou and Jinhua, and two department stores located in the Hubei province, with one each in Wuhan and E'zhou. In addition, jointly with Lotte Shopping Company Limited of Korea, the Group operates the Intime Lotte Department Store in Beijing, which opened in July 2008. The Group has become the largest department store chain in Zhejiang province in terms of sales. In terms of sales per square meter, the operating results of the Group's flagship Hangzhou Wulin store outperform its peers within Zhejiang province. In January 2008, the Group signed a management contract with Baida to manage the Baida department store, located next to its flagship Hangzhou Wulin store, from 1 March 2008 to 28 February 2028.

The Group sets "Bring you a new lifestyle" as its motto and has traditionally targeted young and modern families as major customers. The Group positions its merchandize in the range of medium to high-end market with a commitment to offer excellent shopping experiences. With increasing sales floor area under management, the Group is gradually broadening its range of merchandise and service offerings to include high end to luxury retailing, as well as more comprehensive, richer shopping-related amenities and services.

Corporate Information

EXECUTIVE DIRECTORS

SHEN Guojun
CHING Siu Leung

NON-EXECUTIVE DIRECTOR

XIN Xiangdong

INDEPENDENT NON-EXECUTIVE DIRECTORS

SHI Chungui
LEE Lawrence
CHOW Joseph

REGISTERED OFFICE

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

HEAD OFFICE

52nd Floor, Yintai Centre Tower C
2 Jianguomenwai Avenue
Beijing 100022
PRC
Tel: +86 10 65057260
Fax: +86 10 65688886
Email: info@intime.com.cn

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

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

AUTHORIZED REPRESENTATIVES

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

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

AUDIT COMMITTEE

LEE Lawrence (Chairman)
CHOW Joseph
SHI Chungui

REMUNERATION COMMITTEE

CHING Siu Leung (Chairman)
SHI Chungui
CHOW Joseph

NOMINATION COMMITTEE

XIN Xiangdong (Chairman)
LEE Lawrence
CHOW Joseph

STRATEGIC DEVELOPMENT COMMITTEE

SHEN Guojun (Chairman)
CHING Siu Leung
CHOW Joseph

Corporate Information

LEGAL ADVISERS AS TO HONG KONG LAW

Coudert Brothers in association with
Orrick, Herrington & Sutcliffe LLP
39th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

JP Morgan Chase Bank N.A.
20th Floor, JP Morgan Tower
138 Shatin Rural Committee Road
Shatin
New Territories
Hong Kong

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

COMPLIANCE ADVISER

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

AUDITORS

Ernst & Young
Certified Public Accountant

Management Discussion and Analysis

BUSINESS OVERVIEW

Industry Overview

According to the information published by the National Bureau of Statistics of China, the PRC economy continued to grow steadily and rapidly in the first half of 2008 with a year-on-year growth of 10.4%. Underpinned by rising disposable incomes of urban households and the widespread pursuit of higher-quality lifestyles, the total retail sales of consumer goods of the first half of 2008 reached RMB5,104.3 billion, a year-on-year growth of 21.4%. In the first half of this year, the per capita disposable income of urban residents were RMB8,065, a year-on-year growth of 14.4%.

The Group has continued to operate under a favorable macroeconomic environment in Zhejiang province. In the first half of 2008, the GDP of Zhejiang province has increased to RMB988.9 billion, a year-on-year growth of 11.4%. The per capita disposable income of urban household in Zhejiang province has surged to RMB12,425, a year-on-year growth of 10.6%. Driven by the residents' increasing consumption power, the total retail sales of consumer goods in Zhejiang province has risen to about RMB354 billion, a year-on-year growth of 19%.

The economic performance of Hubei province where the Group opened two new stores has also been impressive. The first half GDP of Hubei province has risen to RMB497.2 billion, a year-on-year growth of 13.9%. The total retail sales of consumer goods in Hubei province has risen to about RMB230.6 billion, a year-on-year growth of 22.4%.

Meanwhile, the macro-economic environment has created challenges during the period. In the first half of 2008, China experienced multiple rare natural disasters, including the snow storm in February across a few southern provinces and the tragic earthquake in Sichuan province in May. Although the Group's primary operational regions, mainly Zhejiang and Hubei provinces, have limited exposure to these natural disasters, the overall consumer sentiment has been affected, which led to cautious consumer spending and slower than usual sales growth during the relevant weeks or months. Furthermore, a few major economic elements including the rapid appreciation of Chinese currency RMB, continuously increasing raw material, utility and labor costs, have resulted in a challenging operational environment for some export-driven enterprises in the Yangzi delta area. Such economic situation also contributed some degree of uncertainty to the near-term general retail environment.

Operational Review

In the first half of 2008, the Group's department stores achieved a strong revenue growth rate of 36.0% and gross sales proceeds growth rate of 34.5%, with the same store sales growth maintained at a healthy rate of 12.6%. This was the result of new store openings, continuous improvement in operational efficiency, better merchandise mix and brand selection, friendlier customer services and more organized sales and promotional campaigns, in a background of continuous growth in retail consumption.

Management Discussion and Analysis

The Group further strengthened its position as the leading department store operator in Zhejiang province by opening Hangzhou Westlake store in April 2008. Leveraging on its increasingly strong partnership with Wushang, the Group has further expanded in Hubei province by opening Intime E'Zhou store in April 2008. In addition, Lotte Intime Department Store Co., Ltd ("Lotte Intime"), a joint-venture with Lotte Shopping Company Limited ("Lotte") to jointly operate a department store located in Wangfujing, Beijing (the "Intime Lotte Store"), has started operation in July 2008. The Intime Lotte store is one of the largest single department stores in Beijing with a gross floor area of approximately 75,000 square meters. Through such cooperation, the Group expects to acquire world-class retail operation and management expertise and enhance the Group's operation and management standards.

From the last quarter of 2007 through the first half of 2008, the Group's flagship Hangzhou Wulin store has gone through a series of major renovations, including the conversion of one additional floor as retail floor and the redecoration and reshuffling of many sales counters. In addition, the first floor of the store went through a brand repositioning process, under which female shoes section was moved to the underground floor, and counters of higher end brands and merchandise were added. As a result, the store's growth were affected and sales in this period maintained at similar level as the same period of last year. However, the renovation extended the scale of store's product offering and improved the store's brand image, and will provide long-term growth potential.

During the period under review, the Group has made significant progress in forging business cooperation and exploiting synergies with Baida Group Co., Ltd. ("Baida"). In January 2008, the Group signed a management contract with Baida to manage the Hangzhou Baida department store from 1 March 2008 to 28 February 2028. The significance of the contract is long-term and multi-fold. In addition to potential earning improvement as a result of the income from the management fee and profit sharings, the Group will be managing the Hangzhou Baida department store together with the Group's flagship Hangzhou Wulin store and the directors of the Company (the "Directors") believe this will lead to great synergy from cost reduction, brand allocation optimization and efficiency improvement. Together with the to-be-constructed 14,000 square meters phase 2 and the parking garage with 400 plus parking spaces, the combined Hangzhou Wulin and Baida operation will effectively become a mega store with an approximately 91,000 square meters in the busiest shopping strip in Hangzhou. During the 4 months in the first half of the year when Baida department store is under management of the Group, the total gross sale proceeds of Baida reached RMB352 million and the Group recognized approximately RMB9 million management fee income according to the management contract. In May 2008, the Group appointed a member to the board of directors of Baida. The investment in Baida has been accounted as investment in associate since then.

The Group has been expanding the geographical coverage of its department store network by leveraging on its position and experience in Zhejiang province to open new stores in selective cities outside Zhejiang province where it believes it can become a market leader. In February 2008, the Group acquired a piece of land in Hankou of Wuhan, Hubei province, to develop a future Intime department store in Hankou in the next three years. In January and February of 2008, the Group entered into joint venture agreements to operate South Station shopping plaza in Shanghai and to operate Zhonghuan Plaza in Xi'an of Shanxi province, and scheduled to open Intime department stores on these premises in the second half of 2008. In addition, in March 2008, the Group acquired a piece of land in Zhengzhou to develop the first Intime department store in Zhengzhou of Henan province in the next three years.

In January 2008, the Group acquired a department store property located at a prime commercial district in Shenyang, Liaoning Province, the PRC. This acquisition will provide the Group with the opportunity to (i) gain department store sales-linked rental income from the property; (ii) gain exposure to the local retail market in Shenyang which will enhance the Group's understanding in the regional market; and (iii) explore future cooperation opportunities with regard to the operational aspects of the department store operating in the property.

Outlook

Looking into the second half of 2008, the Chinese economy and retail environment will continue to face some degree of near-term uncertainty. We believe our focus in local market share and strategy of regional leadership will play an increasingly important role in securing the Group's market leadership status while maintaining a healthy pace of growth. The Group will continue to enhance its core competitive edge, expand store network and further secure its leadership position in the Zhejiang province. The Group will also build on its existing presence in Hubei province and further expand its store portfolio in Hubei. Building on a solid network of future operational spots in Beijing, Shanghai, Xi'an and Zhengzhou, the Group will concentrate on executing its expansion plans. The Group will also continue to work closely with the management of companies in which it holds minority interests for mutually beneficial business integration. As part of its long-term strategy, the Group will continue to seek acquisition opportunities, targeting strategic retail assets, commercial properties and businesses of attractive department stores, with a goal to extend its existing regional dominance and gradually establish a leading nation-wide department store chain. In parallel with business scale expansion, the Group increasingly focuses on improving and perfecting cross-platform operational efficiency and management effectiveness, with a goal to derive greater synergies in all business units. The Group is confident for a year of promising development in 2008.

FINANCIAL REVIEW

Following the success in 2007, the Group's business continued to achieve significant growth in the first half of 2008. For the period ended 30 June 2008, the revenue of the Group amounted to approximately RMB552,046,000, representing an increase of approximately 36.0% as compared to the same period last year. Profit attributable to the shareholders increased by approximately 73.8% to approximately RMB299,710,000. Basic earnings per share was approximately RMB0.17 (six months ended 30 June 2007: RMB0.11).

Total gross sales proceeds and revenue

During the first half year under review, total gross sales proceeds of the Group (that is, aggregate proceeds from direct sales and gross revenue from concessionaire sales) was approximately RMB2,083.8 million, representing an increase of approximately 34.5% from approximately RMB1,549.8 million recorded in the corresponding period in 2007. This increase was primarily attributable to the continuous growth in sales and improvement in operational efficiency of the existing stores. The improvement in total gross sales proceeds was also partly due to the inclusion of the full six months' sales performance of the three new stores, namely Wuhan Shiji store, Ningbo Wanda store and Hangzhou Linping store, which opened in the second half year of 2007, and two months' sales of the two new stores opened in April, 2008.

Management Discussion and Analysis

In respect of total sales proceeds contributed by all stores of the Group, Hangzhou Wulin store accounted for approximately 38.7%; Ningbo Tianyi store, Ningbo Dongmen store and Ningbo Wanda store contributed approximately 36.1%; Jinhua Fuhua store and Wenzhou Shimao store contributed approximately 13.4%; and other stores contributed approximately 11.8% of the total sales proceeds of the Group.

The Group derives revenue from commissions from concessionaire sales, direct sales of goods and rental income. For concessionaire sales, the Group allows the concessionaires to establish a sales counter in its department store and charges them a percentage of their gross sales proceeds. For direct sales, the Group purchases merchandise from the direct sales suppliers and resells the merchandise in its stores.

For the first half of year 2008, commission from concessionaire sales and revenue from direct sales accounted for approximately 73% and 24% of the Group's revenue, respectively (six months ended 30 June 2007: 73% and 26%). The contribution of the concessionaire sales to total sales proceeds in this period maintained at the same level as the same period of last year. The Group will conduct regular reviews on the performance of the Group's suppliers and concessionaires, with the aim to enhance and strengthen product portfolios and provide better shopping choices to its customers.

Other income and gains

For the six months ended 30 June 2008, the Group's other income were approximately RMB60,949,000, representing a decrease of approximately 33.5% as compared to the same period last year. The decrease was largely due to one-off interest income in 2007 from over-subscription funds of new share issued at the initial public offering of the Company, but such decrease was partially offset by the management fee income received for conducting the operation of certain subsidiaries of Baida.

The Group's other net gains increased to approximately RMB52,204,000 in the first half of year 2008, from nil recorded in the corresponding period in 2007. The increase mainly resulted from the gains on the disposal of the Group's investment in the A-shares of RMB43,093,000.

Purchase of goods and change in inventories

The Group's purchases of goods and changes in inventories increased to approximately RMB99,466,000 in the first six months ended 30 June 2008 from approximately RMB79,800,000 in the corresponding period in 2007, representing an increase of approximately 24.6%. The increase was mainly due to increased demand for inventories driven by sales of goods in the first six months of 2008. The direct sales gross profit margin for the period was 23.5% which remained at the similar level of the corresponding period of last year.

Staff costs

For the first half of year 2008, the Group's staff costs increased by RMB34,802,000 or 109.2% to RMB66,668,000, which was primarily attributable to the increase in senior management and corporate development staff, the increase of new employees for opening of the new stores in Hangzhou and Hubei, the preparation for opening additional stores in the second half of the year and the increase in general level of wages. Staff costs as a percentage of revenue for the period was 12.1%, representing an increase of 4.2% from 7.9% for the corresponding period of last year.

Depreciation and amortization

The Group's depreciation and amortization increased to RMB51,425,000 in the first half of year 2008 from RMB19,091,000 recorded in the same period in 2007, representing an increase of 169.4%. The increase was primarily attributable to the inclusion of depreciation cost, amortization of leasehold improvement and land use rights for the new stores opened in the second half of the year 2007 and the first half year of 2008. As a percentage to total revenues, depreciation and amortization cost rose to 9.3% from 4.7% for the corresponding period of last year.

Other expenses

For the six months ended 30 June 2008, other expenses of the Group was approximately RMB167,113,000, representing an increase of approximately 39.8% from approximately RMB119,525,000 recorded in the same period last year. The increase was mainly due to the increase of rental expenses for newly opened stores.

Finance costs

The Group's finance costs increased from approximately RMB24,618,000 in the first six months of 2007 to approximately RMB33,217,000 in the same period in 2008, representing an increase of 34.9%. Bank borrowings increased by 213.4% in the first half of year 2008 compared with that of the corresponding period of last year. As a substantial part of the bank loans was only made in late May 2008 to finance and develop business operations, and certain loan interest had been capitalized, there was only an increase of 34.9% of finance costs during the period.

Gain on receipt of cash and shares in a listed company

Gain on receipt of cash and tradable shares in Baida, the A shares of which are listed on the Shanghai Stock Exchange, increased from nil in 2007 to approximately RMB80,545,000 in 2008. The increase was primarily attributable to the receipt of shares and cash due to the share reform program relating to the shares of Baida.

Share of profits of associates

The share of profit of associates of RMB29,445,000 represented the Group's interest in Wushang and Baida, both associates of the Group. The Group had maintained a 22.62% equity interest in Wushang and a 26.86% equity interest in Baida as at the end of 30 June 2008. The disclosure of Baida as an associate for the period (which was classified as available-for-sale investments in 2007) was largely attributable to the commencement of the exercise of significant influence through board presentation in Baida since May 2008.

Share of losses of jointly-controlled entities

The share of losses of jointly-controlled entities of RMB5,358,000 represented the Group's interest in Lotte Intime and Hangzhou Xin Hubin Commercial Development Co., Ltd.

Management Discussion and Analysis

Income tax expense

The Group's income tax expense increased by RMB4,301,000 or 8.4% to RMB55,433,000. Effective tax rate of the Group for the period has decreased to 15.8% from 23% during the same period of last year, which was mainly resulted from the new PRC corporate income tax scheme effective from 2008 and certain non-taxable income according to the tax regulations in the PRC.

Profit attributable to equity holders of the parent

Profit attributable to equity holders of the parent for the six months ended 30 June 2008 was approximately RMB299,710,000, showing an increase of 73.8% from RMB172,419,000 recorded in the same period in 2007. Margin of profit attributable to equity holders of the parent for the period was 54.3%, representing an increase of 11.8% from 42.5% reported for the same period in 2007.

Minority interests

The minority interests of the Group maintained a loss position in the first six months in 2008 at RMB3,201,000, showing an increase of 231.0% from RMB967,000 reported in the same period in 2007. This was resulted from the share of loss of some of the Group's subsidiaries.

Liquidity and financial resources

As at 30 June 2008, the Group's cash and cash equivalents amounted to RMB464.7 million, a decrease of RMB312.4 million from the balance recorded as at the end of December 2007. This decrease was mainly a result of the cash outflow to finance the new business investments and the acquisition of land and buildings.

As at 30 June 2008, total borrowings were approximately RMB1,410.3 million, which represented an increase of approximately 213.4%, or RMB960.3 million from the balance recorded as at the end of December 2007. The increase was largely due to the increase in bank loans to finance the new business investments and the acquisition of land and buildings. The borrowings include both short-term bank borrowings and long-term borrowings. All of them are denominated in RMB.

Net current liabilities

The net current liabilities position of approximately RMB83,654,000 as of 31 December 2007 has increased to approximately RMB815,906,000 as of 30 June 2008. The increase was mainly caused by the additional short-term bank borrowings the Group incurred in the first half of 2008 and the reduction in cash and cash equivalents during the period.

Net gearing ratio

The net gearing ratio is defined as net debt (represented by borrowings net of cash and cash equivalents) divided by equity. As at 30 June 2008, total equity of the Group amounted to approximately RMB3,798,430,000 (31 December 2007: RMB4,043,166,000); borrowings were approximately RMB1,410,300,000 (31 December 2007: RMB450,000,000); cash and cash equivalents were approximately RMB464,745,000 (31 December 2007: RMB777,151,000). The Group has a net gearing ratio of 24.9% at the end of June 2008, while the Group was in net cash position as at 31 December 2007.

Pledge of assets

Certain buildings, investment properties and land use rights with carrying amount of approximately RMB439,409,000 had been pledged to obtain bank facility of RMB1,874,050,000, among which RMB907,500,000 has been drawn down.

Interest rate risk

Interest rate risk exposure of the Group is mainly related to the impacts of interest rate fluctuations on interest-bearing assets and liabilities such as bank deposits, existing (interest-bearing) loans and future borrowing needs. As at 30 June 2008, the total outstanding balance of interest-bearing bank loans was RMB1,410,300,000. The Group currently has not used any derivatives to hedge the interest rate risk.

Foreign exchange risk

The operation of the Group mainly carries out in the PRC with most transactions settled in RMB. Certain of the Group's cash and bank deposits are denominated in Hong Kong Dollars or United States Dollars. In addition, the Company pays dividends in Hong Kong Dollars when dividends are declared. Any significant exchange rate fluctuations of foreign currencies against RMB may have financial impact to the Group.

Staff and remuneration policy

As at 30 June 2008, the Group has about 3,335 employees. The Group strives to offer a good working environment, a diversified range of training programs as well as an attractive remuneration package to its employees. The Group endeavours to motivate its staff with performance-based remuneration. On top of basic salary, staff with outstanding performance will be rewarded by way of cash bonuses, share options, honorary awards or a combination of all the above to further align the interests of the employees and the Company, to attract talented individuals, and to create long-term incentive for its staff.

Contingent Liabilities

On 8 November 2007, 嘉興銀泰投資管理有限公司 (Jiaxing Intime Investment and Management Co., Ltd.) ("Jiaxing Intime") and 銀泰百貨有限公司 (Intime Department Store Co., Ltd.) ("Shanghai Intime") entered into a joint venture contract ("Joint Venture Contract") with 嘉興市文化名城投資集團有限公司 (Jiaxing City Culture Mingcheng Investment Group Company Limited) ("Jiaxing Culture"), a third party, to establish a joint venture company (the "Joint Venture").

Management Discussion and Analysis

The Joint Venture has a registered capital of RMB400,000,000. Jiaxing Intime and Shanghai Intime each contributed RMB120,000,000 in cash, which represented an aggregate of 60% of the equity interest in the Joint Venture. Jiaxing Culture contributed RMB160,000,000 by way of transferring title of property with total gross floor area of approximately 20,000 square meters (the "Injected Property") into the Joint Venture, which represented 40% of equity interest in the Joint Venture.

Pursuant to the Joint Venture Contract, Jiaxing Intime and Shanghai Intime shall guarantee a return to Jiaxing Culture in either of the following situations:

(a) if the Joint Venture is unable to be listed on any stock exchange within three years from its establishment, and if Jiaxing Culture intends to transfer the 40% equity interest it held in the Joint Venture, Jiaxing Intime and Shanghai Intime shall pay Jiaxing Culture the difference between RMB160,000,000 and the market value of the Injected Property at the time of transfer of the 40% equity interest held by Jiaxing Culture, but in any event, the market value to be used to determine such payment shall not be less than RMB9,000/square meter in respect of the Injected Property; or

(b) if the Joint Venture is successfully listed on a stock exchange within three years but the total market value of the equity interests Jiaxing Culture holds in the listed company at the time of listing is less than the then market value of the Injected Property, Jiaxing Intime and Shanghai Intime will pay Jiaxing Culture the difference between the then market value of the Injected Property at the time of listing and the current market value of the Injected Property of approximately RMB160,000,000, but in any event, the market value to be used to determine such payment shall not be less than RMB9,000/square meter in respect of the Injected Property.

Other Information

DISCLOSURE OF INTERESTS

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

As at 30 June 2008, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules were as follows:

Name of Directors	Nature of Interest	Number and class of securities (2)	Approximate percentage of interest in such corporation
Mr. Shen Guojun	Interest of controlled corporations (1)	L769,652,255	42.75%
Mr. Ching Siu Leung	Beneficial owner (3)	L2,200,000	0.12%

Notes:

(1) Mr. Shen Guojun is the beneficial owner of the entire share capital of Fortune Achieve Group Ltd., which in turn is the beneficial owner of the entire issued share capital of Glory Bless Limited, which in turn is the beneficial owner of the entire issued share capital of Intime International Holdings Limited, which holds 769,652,255 Shares.

(2) The Letter "L" denotes the person's long position in such Shares.

(3) Mr. Ching Siu Leung was granted options under the Company's Share Option Scheme on 21 March 2007 exercisable in respect of a total of 2,200,000 shares in the Company over a vesting period.

Save as disclosed above, as at 30 June 2008, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

Other Information

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2008, so far as is known to any Director or chief executive of the Company, the persons (other than the Directors and the chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, which were directly or indirectly, interested in 10% of more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group were as follows:

Name of shareholders	Nature of Interest	Number and Class of Securities (1)	Approximate percentage of interest in such corporation
Fortune Achieve Group Ltd. (2)	Interest of controlled corporations	L769,652,255	42.75%
Glory Bless Limited (2)	Interest of controlled corporation	L769,652,255	42.75%
Intime International Holdings Limited (2)	Beneficial Owner	L769,652,255	42.75%
Warburg Pincus & Co. (3)	Interest of controlled corporations	L434,443,000	24.14%
Warburg Pincus Partners LLC (3)	Interest of controlled corporations	L434,443,000	24.14%
Warburg Pincus IX, LLC (3)	Interest of controlled corporation	L217,221,500	12.07%
Warburg Pincus Private Equity IX, L.P. (3)	Beneficial Owner	L217,221,500	12.07%
Warburg Pincus International Partners, L.P. (3)	Beneficial Owner	L208,211,153	11.57%

Notes:

(1) The letter "L" denotes the person's long position in such Shares.

(2) Mr. Shen Guojun is the beneficial owner of the entire issued share capital of Fortune Achieve Group Ltd., which in turn is the beneficial owner of the entire issued share capital of Glory Bless Limited, which in turn is the beneficial owner of the entire issued share capital of Intime International Holdings Limited, which holds 769,652,255 Shares. Mr. Shen Guojun is a director in each of Fortune Achieve Group Ltd., Glory Bless Limited and Intime International Holdings Limited. Mr. Ching Siu Leung and Mr. Xin Xiangdong are also directors of Intime International Holdings Limited.

(3) Warburg Pincus Private Equity IX, L.P. and Warbury Pincus International Partners, L.P. are part of the Warburg Pincus Funds. The direct general partner of Warburg Pincus Private Equity IX, L.P. is Warburg Pincus IX, LLC. Warburg Pincus IX, LLC is therefore deemed to be interested in the Shares of held by Warburg Pincus Private Equity IX, L.P. The controlling entity of the Warburg Pincus Funds is Warburg Pincus Partners LLC, which is a subsidiary of Warburg Pincus & Co. Each of Warburg Pincus Partners LLC and Warburg Pincus & Co. is therefore deemed to be interested in the Shares held by the Warburg Pincus Funds, which includes Warburg Pincus International Partners, L.P. and Warburg Pincus Private Equity IX, L.P. as well as five other funds.

Save as disclosed above, as at 30 June 2008, so far is known to the Directors or the chief executive of the Company, no other person (not being a Director or chief executive of the Company) had any interests or short positions in the shares, underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or, who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

SHARE OPTION SCHEME

Pursuant to the Company's share option scheme approved by the resolution of the Company's shareholders dated 24 February 2007, the Company may grant options to any employee, management member or director the Company, or any of the Company's subsidiaries and third party service providers (the "Scheme"). The purpose of the Scheme is to attract skilled and experienced personnel, to incentivise them to remain within the Group and to give effect to the Group's customer-focused corporate culture, and to motivate them to strive for the Group's future development and expansion, by providing them with the opportunity to acquire equity interests in the Company. The amount payable on acceptance of an option is HK$1.00. Details of the Scheme were provided in the Company's prospectus dated 7 March 2007.

The Scheme will remain valid for a period of ten years commencing on 20 March 2007, after which no further share options will be granted but the provisions of the Scheme shall remain in full force and effect in other respects. Share options complying with the provisions of the Listing Rules which are granted during the duration of the Scheme and remain unexercised immediately prior to the end of the 10-year period shall continue to be exercisable in accordance with their terms of grant within the share option period for which share options are granted, notwithstanding the expiry of the Scheme. The maximum number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue as the date of listing of shares of the Company (such 10% representing 180,000,000 shares), without prior approval from the Company's shareholders. No option may be granted to any one person such that the total number of shares issued and to be issued upon the exercise of the Options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued share capital from time to time, unless the approval of our shareholders is obtained. Options granted to a substantial shareholder or an independent non-executive director or any of their respective associates in the 12-month period in excess of 0.1% of the Company's issued share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Option granted must be taken up within the time limit specified in the offer letter. The period with which the Options must be exercised will be specified by the Company at the time of grant and must expire no later than 10 years from the date of grant of the Option (being the date on which the board makes a written offer of grant of the Option to the relevant proposed beneficiary) unless the Company obtains specified shareholder's approval in relation to such grant. The exercise price for the shares under the Share Option Scheme will not be less than the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant; and (iii) the nominal value of a share.

Other Information

The movements in share options granted under the share option scheme adopted by the Company during the six months ended 30 June 2008 are shown below:

			Number of share options						
Name or category of participant	Date of Grant	Exercise Price	As at 1 January 2008	Granted during the period	Exercised during the period	Lapsed during the period	As at 30 June 2008	Exercise Period	Closing price immediately before the date of grant
Director									
Ching Siu Leung	21/3/2007	6.44	2,200,000	–	–	–	2,200,000	22//3/08-21/3/12	6.44
Other employees in aggregate	21/3/2007	6.44	9,400,000	–	–	–	9,400,000	22//3/08-21/3/12	6.44
	16/7/2007	6.67	1,000,000	–	–	–	1,000,000	17//7/08-16/7/12	6.80
	12/11/2007	7.14	1,000,000	–	–	–	1,000,000	13//11/08-12/11/12	7.02
	11/4/ 2008	5.64	–	15,960,000	–	–	15,960,000	12//4/09-11/4/14	5.60
Total			13,600,000	15,960,000	–	–	29,560,000		

Purchase, Sale and Redemption of Company's Share

There was no purchase, sale or redemption of any of the listed securities of the Company by the Company or any of its subsidiaries during the six months ended 30 June 2008.

Dividends

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2008.

Sufficiency of Public Float

The Company has maintained a sufficient public float throughout the period from the date of listing of shares to 30 June 2008.

Resignation and Appointment of Director

Mr. Chen Dagang retired and resigned as an independent non-executive director of the Company upon the conclusion of the annual general meeting of the Company held on 27 May 2008 ("AGM"). Mr. Chen also ceased to act as a member of each of the audit committee and remuneration committee of the Company on the same date.

Mr. Shi Chungui has been appointed as an independent non-executive Director at the AGM and a member of each of the audit committee and remuneration committee of the Company with effect from 27 May 2008.

Compliance with the Code on Corporate Goverance Practices

The Board is of the view that the Company has complied with Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2008 save as disclosed below:

Code Provision A.2.1

The functions of chairman and chief executive of the Company are not held by different persons as required under code provision A.2.1 of the Code on Corporate Governance Practices and Mr. SHEN Guojun currently is both the chairman and chief executive of the Company. The Board considers that the current structure facilitates the execution of the Group's business strategies and maximizes effectiveness of its operation. The Board shall review the structure from time to time to ensure appropriate steps will be taken should suitable circumstances arise.

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

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

The Board is pleased to confirm, after making specific enquiries with the Directors, that all Directors have fully complied with the code provisions of Model Code during the six months ended 30 June 2008.

Audit Committee

The audit committee of the Company (the "Audit Committee") has considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal control and financial reporting with the management, including the review of the unaudited condensed interim accounts for the period ended 30 June 2008 of the Company. The Audit Committee considered that the interim financial results for the six months ended 30 June 2008 is in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

The audit committee has three members comprising the three independent non-executive directors, namely, Mr. LEE Lawrence, Mr. CHOW Joseph, and Mr. SHI Chungui, with terms of reference in compliance with the Listing Rules.

Appreciation

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

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

Hong Kong, 28 August 2008

Interim Condensed Consolidated Income Statement

For the six months ended 30 June 2008

	Notes	For the six months ended 30 June 2008 (Unaudited) RMB'000	2007 (Unaudited) RMB'000
Revenue	3	**552,046**	405,862
Other income and gains	4	**113,153**	91,622
Purchases of goods and changes in inventories		**(99,466)**	(79,800)
Staff costs		**(66,668)**	(31,866)
Depreciation and amortization		**(51,425)**	(19,091)
Other expenses		**(167,113)**	(119,525)
Finance costs	6	**(33,217)**	(24,618)
Gain on receipt of cash and shares in a listed company	7	**80,545**	—
Share of profits and losses of:			
Jointly-controlled entities		**(5,358)**	—
Associates		**29,445**	—
Profit before tax	5	**351,942**	222,584
Tax	8	**(55,433)**	(51,132)
Profit for the period		**296,509**	171,452
Attributable to:			
Equity holders of the parent		**299,710**	172,419
Minority interests		**(3,201)**	(967)
		296,509	171,452
Dividends			
Proposed interim	9	**—**	—
Earnings per share attributable to equity holders of the parent (expressed in RMB per share)			
Basic			
- For profit for the period	10	**0.17**	0.11
Diluted			
- For profit for the period	10	**0.17**	0.11

Interim Condensed Consolidated Balance Sheet

30 June 2008

	Notes	30 June 2008 (Unaudited) RMB'000	31 December 2007 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	**1,520,606**	1,084,277
Investment properties	11	**134,113**	1,508
Prepaid land lease payments	11	**1,635,194**	985,074
Goodwill		**272,910**	166,934
Other intangible assets		**2,098**	462
Prepaid rental		**126,808**	2,375
Interests in associates	12	**910,977**	435,172
Interests in jointly-controlled entities		**369,742**	—
Investment deposits		**33,000**	210,800
Available-for-sale investments	13	**115,592**	1,564,097
Non-current assets held for sale	14	**225,578**	—
Deferred tax assets		**13,162**	4,103
Total non-current assets		**5,359,780**	4,454,802
CURRENT ASSETS			
Inventories	15	**42,635**	33,954
Prepayments, deposits and other receivables	16	**403,867**	287,792
Loans and receivables		**288,907**	322,989
Due from related parties	26	**51,885**	29,420
Prepayments to related parties	26	**168,955**	204,193
Cash in transit	17	**13,908**	84,971
Cash and cash equivalents	18	**464,745**	777,151
Total current assets		**1,434,902**	1,740,470

Interim Condensed Consolidated Balance Sheet

30 June 2008

	Notes	30 June 2008 (Unaudited) RMB'000	31 December 2007 (Audited) RMB'000
CURRENT LIABILITIES			
Trade and bills payables	19	413,420	436,379
Other payables and accruals	20	823,318	850,276
Interest-bearing bank borrowings	21	960,300	450,000
Due to related parties	26	7,047	3,965
Tax payable		46,723	83,504
Total current liabilities		2,250,808	1,824,124
NET CURRENT LIABILITIES		(815,906)	(83,654)
TOTAL ASSETS LESS CURRENT LIABILITIES		4,543,874	4,371,148
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	21	450,000	—
Deferred tax liabilities		199,444	327,982
Other long-term payable		96,000	—
Total non-current liabilities		745,444	327,982
NET ASSETS		3,798,430	4,043,166
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		140	140
Reserves		3,286,673	3,873,417
		3,286,813	3,873,557
Minority interests		511,617	169,609
Total equity		3,798,430	4,043,166

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2008

	Attributable to the equity holders of the parent												
	Issued capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Reserve for fair value changes of available-for-sale investments RMB'000	Statutory reserves RMB'000	Retained profits RMB'000	Exchange fluctuation reserve RMB'000	Option RMB'000	Other reserves RMB'000	Proposed final dividend RMB'000	Total RMB'000	Minority interests RMB'000	Total equity RMB'000
At 1 January 2008	140	2,318,881	433,737	680,624	71,736	311,925	(64,440)	5,754	–	115,200	3,873,557	169,609	4,043,166
Change in fair value of available-for-sale investments, net of tax													
- Group	–	–	–	(305,862)	–	–	–	–	–	–	(305,862)	–	(305,862)
- Associate companies	–	–	–	(511)	–	–	–	–	–	–	(511)	–	(511)
Reversal of previously recognized fair value changes on available-for-sale investments upon transfer to interest in an associate	–	–	–	(399,225)	–	–	–	–	–	–	(399,225)	–	(399,225)
Disposal of available-for -sale investments	–	–	–	(32,320)	–	–	–	–	–	–	(32,320)	–	(32,320)
Exchange realignment	–	–	–	–	–	–	(10,118)	–	–	–	(10,118)	–	(10,118)
Total income and expense recognized directly in equity	–	–	–	(737,918)	–	–	(10,118)	–	–	–	(748,036)	–	(748,036)
Profit/(loss) for the period	–	–	–	–	–	299,710	–	–	–	–	299,710	(3,201)	296,509
Total income and expense for the period	–	–	–	(737,918)	–	299,710	(10,118)	–	–	–	(448,326)	(3,201)	(451,527)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	178,187	178,187
Disposal of a subsidiary	–	–	(152)	–	(229)	–	–	–	–	–	(381)	–	(381)
Purchase of minority interest	–	–	–	–	–	–	–	–	(28,000)	–	(28,000)	–	(28,000)
Capital contribution from minority shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	167,200	167,200
Final 2007 dividend declared	–	–	–	–	–	–	–	–	–	(115,200)	(115,200)	–	(115,200)
Dividend paid to the minority shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	(178)	(178)
Equity-settled share option arrangements	–	–	–	–	–	–	–	5,163	–	–	5,163	–	5,163
Transfer from retained profits	–	–	–	–	176	(176)	–	–	–	–	–	–	–
At 30 June 2008 (Unaudited)	140	2,318,881	433,585	(57,294)	71,683	611,459	(74,558)	10,917	(28,000)	–	3,286,813	511,617	3,798,430

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2008

	Attributable to the equity holders of the parent											
	Issued capital RMB'000	Share premium RMB'000	Merger Reserve RMB'000	Capital reserve RMB'000	Reserve for fair value changes of available-for-sale investments RMB'000	Statutory reserves RMB'000	Retained profits RMB'000	Exchange fluctuation reserve RMB'000	Option RMB'000	Total RMB'000	Minority interests RMB'000	Total equity RMB'000
At 1 January 2007	105	–	299,895	133,842	354,330	45,626	74,867	(257)	–	908,408	–	908,408
Change in fair value of available-for-sale investments, net of tax												
- Group	–	–	–	–	1,429,821	–	–	–	–	1,429,821	–	1,429,821
Reversal of previously recognized fair value changes on available-for-sale investments upon transfer to interest in an associate	–	–	–	–	(1,152,982)	–	–	–	–	(1,152,982)	–	(1,152,982)
Effect of changes in tax rates for provision for deferred taxation on fair value changes on available-for-sale investments	–	–	–	–	28,346	–	–	–	–	28,346	–	28,346
Exchange realignment	–	–	–	–	–	–	–	(40,686)	–	(40,686)	–	(40,686)
Total income and expense recognized directly in equity	–	–	–	–	305,185	–	–	(40,686)	–	264,499	–	264,499
Profit/(loss) for the period	–	–	–	–	–	–	172,419	–	–	172,419	(967)	171,452
Total income and expense for the period	–	–	–	–	305,185	–	172,419	(40,686)	–	436,918	(967)	435,951
Issue of shares	35	2,403,703	–	–	–	–	–	–	–	2,403,738	–	2,403,738
Share issue expenses	–	(84,822)	–	–	–	–	–	–	–	(84,822)	–	(84,822)
Capital contribution from the minority shareholders	–	–	–	–	–	–	–	–	–	–	108,000	108,000
Equity-settled share option arrangements	–	–	–	–	–	–	–	–	1,051	1,051	–	1,051
At 30 June 2007 (Unaudited)	140	2,318,881	299,895	133,842	659,515	45,626	247,286	(40,943)	1,051	3,665,293	107,033	3,772,326

Interim Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2008

	For the six months ended 30 June	
	2008 (Unaudited) RMB'000	2007 (Unaudited) RMB'000
Net cash generated from operating activities	86,509	133,933
Net cash used in investing activities	(1,242,199)	(1,035,242)
Net cash flows generated from financing activities	853,402	2,753,142
Increase/(decrease) in cash and cash equivalents	(302,288)	1,851,833
Cash and cash equivalents at beginning of the period	777,151	317,861
Effects of foreign exchange rate changes, net	(10,118)	(42,516)
Cash and cash equivalents at end of the period	464,745	2,127,178

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2008

1. CORPORATE INFORMATION

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

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

In the opinion of the directors, the ultimate holding company of the Company is Fortune Achieve Group Ltd, a company incorporated in West Samoa. The intermediate holding company of the Company is Intime International Holdings Limited, a company incorporated in the Cayman Islands.

2.1 BASIS OF PREPARATION

The interim condensed financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for available-for-sale investments, which have been measured at fair value. These consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise stated.

The interim condensed consolidated financial statement do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2007.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The accounting policies adopted in the preparation of the interim financial information are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2007, except for the adoption of the new and revised Hong Kong Financial Reporting Standards and interpretations as noted below.

HK(IFRIC)-Int 11	*HKFRS 2 – Group and Treasury Share Transactions*
HK(IFRIC)-Int 12	*Service Concession Arrangements*
HK(IFRIC)-Int 14	*HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

The adoption of these standards and interpretations did not have any effect on the financial position or performance of the Group.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in these financial statements.

HKAS 1 (Revised)	*Presentation of Financial Statements*[1]
HKAS 1 and HKAS 32 (Amendment)	*Puttable Financial Instrusments and Obligations arising on Liquidation*[1]
HKAS 23 (Revised)	*Borrowing Costs*[1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[2]
HKFRS 2 (Amendment)	*Share-based Payment – Vesting Conditions and Cancellation*[1]
HKFRS 3 (Revised)	*Business Combinations – Comprehensive revision on applying the Acquisition Method*[2]
HKFRS 8	*Operating Segments*[1]
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*[3]

1 Effective for annual periods beginning on or after 1 January 2009

2 Effective for annual periods beginning on or after 1 July 2009

3 Effective for annual periods beginning on or after 1 July 2008

2.4 SIGNIFICANT ACCOUNTING POLICIES

Jointly-controlled entities

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's interests in jointly-controlled entities are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of jointly-controlled entities is included in the consolidated income statement and consolidated reserves, respectively.

Goodwill arising from the acquisition of jointly-controlled entities is included as part of the Group's interests in jointly-controlled entities.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2008

3. REVENUE AND SEGMENT INFORMATION

	For the six months ended 30 June	
	2008 (Unaudited) RMB'000	2007 (Unaudited) RMB'000
Sale of goods - direct sale	130,103	105,449
Commissions from concessionaire sales	401,739	297,239
Rental income	20,204	3,174
Rental income from investment properties	8,403	1,221
Sublease rental income	11,801	1,953
	552,046	405,862

The commissions from concessionaire sales are analyzed as follows:

	For the six months ended 30 June	
	2008 (Unaudited) RMB'000	2007 (Unaudited) RMB'000
Gross revenue from concessionaire sales	1,953,708	1,444,384
Commissions from concessionaire sales	401,739	297,239

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

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

4. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2008 (Unaudited) RMB'000	2007 (Unaudited) RMB'000
Other income		
Interest income	24,788	69,257
Interest income from bank deposits	4,448	31,931
Interest income from over subscription funds of new shares	—	37,326
Interest income from loans and receivables	20,340	—
Advertisement and promotion administration income	8,640	12,918
Credit card handling income	634	561
Management fee income	9,050	—
Dividend income	13,655	7,401
Others	4,182	1,485
	60,949	91,622
Gains		
Fair value gains, net:		
Available-for-sale investments transferred from equity on disposal	43,093	—
Others	9,111	—
	52,204	—
	113,153	91,622

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2008

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2008 (Unaudited) RMB'000	2007 (Unaudited) RMB'000
Purchases of goods and changes in inventories	99,466	79,800
Depreciation and amortization	51,425	19,091
Staff costs	66,668	31,866
Wages, salaries and bonuses	49,308	23,144
Pension costs - defined contribution schemes	8,475	5,344
Welfare, medical and other benefits	3,722	2,327
Equity-settled share option expense	5,163	1,051
Utility expenses	23,650	14,509
Store rental expenses	63,109	32,923
Operating lease rental	61,068	32,281
Operating sublease rental	2,041	642
Credit card charges	12,912	10,758
Advertising expenses	12,258	6,524
Auditor's remuneration	800	600
Professional service charges	3,978	24,418
Other tax expenses	13,692	4,095

6. FINANCE COSTS

	For the six months ended 30 June	
	2008 (Unaudited) RMB'000	2007 (Unaudited) RMB'000
Interest expenses on bank loans wholly repayable within five years	40,537	24,618
Less: Interest capitalised	(7,320)	—
	33,217	24,618

7. GAIN ON RECEIPT OF CASH AND SHARES IN A LISTED COMPANY

According to Baida Group Co., Ltd ("Baida")'s share reform programme in May 2008, the Group received net cash and shares from the non-tradable legal person share equity holders of Baida. The total net gain arising from the share reform of Baida amounted to approximately RMB80,545,000.

8. TAX

	For the six months ended 30 June	
	2008 (Unaudited) RMB'000	2007 (Unaudited) RMB'000
Current income tax - PRC	61,678	54,297
Deferred taxation	(6,245)	(3,165)
	55,433	51,132

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

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "New CIT Law"), which became effective from 1 January 2008. Under the New CIT Law, the corporate income tax rate applicable to domestic companies from 1 January 2008 will be either decreased from 33% to 25% or progressively increased from 15% to 25% within five years. The applicable corporate income tax rate is 25% for all the PRC subsidiaries of the Group since 2008.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2008

9. INTERIM DIVIDEND

The board of directors of the Company did not recommend the payment of any interim dividend for the six months ended 30 June 2008 (six months ended 30 June 2007: Nil).

10. EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amounts is based on the profit for the period attributable to equity holders of the parent, and the weighted average number of ordinary shares in issue during the period.

The calculation of diluted earnings per share amounts is based on the profit for the period attributable to equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the weighted average number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2008 (Unaudited) RMB'000	2007 (Unaudited) RMB'000
Earnings		
Profit attributable to equity holders of the parent	299,710	172,419

	Number of shares For the six months ended 30 June	
	2008 (Unaudited)	2007 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	1,800,000,000	1,602,500,000
Effect of dilution – weighted average number of ordinary shares: Share options	–	34,835
Weighted average number of ordinary shares used in diluted earnings per share calculation	1,800,000,000	1,602,534,835

11. PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND PREPAID LAND LEASE PAYMENTS

During the six months ended 30 June 2008, the Group acquired property, plant and equipment with a cost of RMB611,494,000 (six months ended 30 June 2007: RMB177,607,000). Depreciation for property, plant and equipment and investment properties is approximately RMB42,561,000 (six months ended 30 June 2007: RMB14,579,000) during the period.

During the six months ended 30 June 2008, amortization for land use rights is RMB8,725,000 (six months ended 30 June 2007: RMB4,447,000) during the period.

The Group pledged certain of its buildings and investment properties to secure the Group's banking facilities. The carrying amounts of these buildings and investment properties as at 30 June 2008 are approximately RMB105,782,000 (31 December 2007: RMB114,751,000).

The Group pledged certain of land use rights to secure the Group's banking facilities. The carrying amounts of these land use rights as at 30 June 2008 are approximately RMB333,627,000 (31 December 2007: RMB61,889,000).

12. INTERESTS IN ASSOCIATES

In May 2008, the Group commenced to have significant influence over Baida as the Company had one representative appointed as a director of Baida. Accordingly, the Group reversed previously recognised revaluation surplus together with deferred tax liabilities on the investment in Baida and accounted for the investments in Baida as investment in an associate.

As at 30 June 2008, interests in associates represent the interests in Wuhan Department Store Group Co., Ltd. and Baida.

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13. AVAILABLE-FOR-SALE INVESTMENTS

	Period ended 30 June 2008 (Unaudited) RMB'000	Year ended 31 December 2007 (Audited) RMB'000
At beginning of year/period	1,564,097	1,459,474
Additions	—	195,224
Disposals	(62,067)	(114,215)
Gain on receipt of shares in a listed company	27,427	—
Reversal of fair value changes upon transfer to interest in an associate (Note 12)	(980,494)	(1,962,853)
Revaluation surplus/(deficit)	(433,371)	1,986,467
At end of year/period	115,592	1,564,097

	30 June 2008 (Unaudited) RMB'000	31 December 2007 (Audited) RMB'000
Listed equity investments, at fair value:		
Hong Kong	54,692	107,308
Mainland China	60,900	1,456,789
	115,592	1,564,097

13. AVAILABLE-FOR-SALE INVESTMENTS (Continued)

Available-for-sale investments include equity interests in the following companies, of which A-shares are listed on stock exchanges in Mainland China and H shares are listed on the Stock Exchange in Hong Kong. Those A-share companies established in Mainland China are principally engaged in the operation and management of department stores:

	30 June 2008 (Unaudited) RMB'000	31 December 2007 (Audited) RMB'000
H-share tradable shares:		
China Dongxiang (Group) Co., Ltd. (note (i))	60,900	107,308
A-share tradable shares:		
Baida Group Co., Ltd. ("Baida") (note (12))	–	1,037,040
Citic Development-Shenyang Commercial Building (Group) Co., Ltd. ("Shenyang Commercial") (note (ii))	54,692	232,490
A-share non-tradable shares:		
Baida (note (12))	–	187,259
	115,592	1,564,097

(i) As at 30 June 2008, the Group held a 1.44% equity interest in China Dongxiang (Group) Co., Ltd.

(ii) As at 30 June 2008, the Group held a 3.14% equity interest in Shenyang Commercial.

The fair values of listed equity investments are based on quoted market prices.

14. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale represents the Group's 50% equity interest in Hangzhou Hubin International Commercial Development Co., Ltd. ("Hubin International").

As at 30 June 2008, the Group is committed to a plan to dispose the 50% equity interest in Hubin International and has initiated actions to locate a buyer.

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15. INVENTORIES

	30 June 2008 (Unaudited) RMB'000	31 December 2007 (Audited) RMB'000
Store merchandise, at cost	42,635	33,954

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2008 (Unaudited) RMB'000	31 December 2007 (Audited) RMB'000
Deposits and prepayments for purchases of properties	7,152	13,152
Intention money paid for potential investments	39,090	24,090
Rental deposits	42,106	20,228
Prepaid rental	56,237	22,033
Advances to suppliers	47,583	24,071
Advances to third parties	179,638	160,000
Dividends receivable	3,060	—
Others	29,001	24,218
	403,867	287,792

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

17. CASH IN TRANSIT

	30 June 2008 (Unaudited) RMB'000	31 December 2007 (Audited) RMB'000
Cash in transit	13,908	84,971

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

18. CASH AND CASH EQUIVALENTS

	30 June 2008 (Unaudited) RMB'000	31 December 2007 (Audited) RMB'000
Cash and bank balances	**464,745**	777,151

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

19. TRADE AND BILLS PAYABLES

	30 June 2008 (Unaudited) RMB'000	31 December 2007 (Audited) RMB'000
Trade payables	**373,420**	436,379
Bills payable	**40,000**	—
	413,420	436,379

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

The carrying amounts of trade payables approximated to their fair values.

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20. OTHER PAYABLES AND ACCRUALS

	30 June 2008 (Unaudited) RMB'000	31 December 2007 (Audited) RMB'000
Payables for purchase of property, plant and equipment and prepaid land lease payments	90,716	157,065
Advance from customers	267,539	222,956
Other liabilities to local government	21,446	21,446
Other tax payables	11,920	61,962
Bonus and welfare payables	20,652	22,739
Deposits received from suppliers/concessionaires	51,207	29,920
Accruals	23,837	12,166
Payables for purchase of equity interests	254,000	295,000
Dividends payable	52,280	—
Others	29,721	27,022
	823,318	850,276

The carrying amounts of other payables approximate to their fair values.

21. INTEREST-BEARING BANK BORROWINGS

	30 June 2008 (Unaudited) RMB'000	31 December 2007 (Audited) RMB'000
Non-current		
Secured bank borrowings (note(a))	450,000	—
Current:		
Unsecured bank borrowings	40,000	150,000
Secured bank borrowings (note(a))	920,300	300,000
	960,300	450,000
	1,410,300	450,000

Notes:

(a) Secured bank borrowings as at 30 June 2008 were secured by certain of the Group's buildings, investment properties and prepaid land lease payments, the total carrying amount of which at 30 June 2008 was RMB439,409,000 (31 December 2007: RMB176,640,000).

(b) The effective interest rates per annum at the respective balance sheet dates are as follows:

	30 June 2008 (Unaudited)	31 December 2007 (Audited)
Long-term bank borrowings	7.94% - 8.61%	N/A
Short-term bank borrowings	6.57% - 8.96%	6.03% - 7.29%

(c) The carrying amounts of all borrowings as at 30 June 2008 and 31 December 2007 approximated to their fair values. All borrowings are denominated in RMB.

22. SHARE OPTION SCHEME

During the period ended 30 June 2008, certain senior management were granted share options in respect of their services to the Group, under the share option schemes of the Company. The fair value of such options which has been recognized in the income statement over the vesting period, as was determined at the date of grant.

During the period ended 30 June 2008, the expense recognized in the income statement for the share option scheme amounted to RMB5,163,000 (six months ended 30 June 2007: RMB1,051,000).

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23. CONTINGENT LIABILITIES

On 8 November 2007, Jiaxing Intime Investment and Management Co., Ltd. ("Jiaxing Intime") and Intime Department Store Co., Ltd. ("Shanghai Intime") entered into a joint venture contract with Jiaxing City Culture Mingcheng Investment Group Company Limited ("Jiaxing Culture"), a third party, to establish a joint venture company, Jiaxing Intime Meiwan Xintiandi Investment and Management Co., Ltd. ("Jiaxing Meiwan").

Jiaxing Meiwan has a registered capital of RMB400,000,000. Jiaxing Intime and Shanghai Intime each contributed RMB120,000,000 in cash, which in aggregate represent a 60% equity interest in Jiaxing Meiwan. Jiaxing Culture contributed RMB160,000,000 by way of transferring title of property with total gross floor area of approximately 20,000 square meters (the "Injected Property") into Jiaxing Meiwan, which represent 40% of equity interest in the joint venture.

Pursuant to the joint venture contract, Jiaxing Intime and Shanghai Intime shall guarantee a return to Jiaxing Culture in either of the following circumstances:

(a) if Jiaxing Meiwan is unable to be listed on any stock exchange within three years from its establishment, and if Jiaxing Culture intends to transfer the 40% equity interest it held in Jiaxing Meiwan, Jiaxing Intime and Shanghai Intime shall pay Jiaxing Culture the difference between RMB160,000,000 and the market value of the Injected Property at the time of transfer of the 40% equity interest held by Jiaxing Culture, but in any event, the market value to be used to determine such payment shall not be less than RMB9,000/square meter in respect of the Injected Property; or

(b) if Jiaxing Meiwan is successfully listed on a stock exchange within three years but the total market value of the equity interests Jiaxing Culture holds in the listed company at the time of listing is less than the then market value of the Injected Property, Jiaxing Intime and Shanghai Intime will pay Jiaxing Culture the difference between the then market value of the Injected Property at the time of listing and the current market value of the Injected Property of approximately RMB160,000,000, but in any event, the market value to be used to determine such payment shall not be less than RMB9,000/square meter in respect of the Injected Property.

24. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 11) and subleases its leased assets under operating lease arrangements for terms ranging from one to ten years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 30 June 2008, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2008 (Unaudited) RMB'000	31 December 2007 (Audited) RMB'000
Within one year	**52,861**	8,191
In the second to fifth years, inclusive	**218,969**	12,545
After five years	**174,647**	12,643
	446,477	33,379

The amounts above include future minimum sublease payments expected to be received under non-cancellable subleases amounting to RMB392,629,000 (31 December 2007: RMB27,730,000) as at 30 June 2008.

(b) As lessee

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

At 30 June 2008, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2008 (Unaudited) RMB'000	31 December 2007 (Audited) RMB'000
Within one year	**268,103**	110,684
In the second to fifth years, inclusive	**1,333,319**	676,739
After five years	**3,777,931**	1,756,648
	5,379,353	2,544,071

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25. COMMITMENTS

In addition to the operating lease commitments detailed in note 24(b) above, the Group had the following capital commitments at the balance sheet date:

	30 June 2008 (Unaudited) RMB'000	31 December 2007 (Audited) RMB'000
Contracted, but not provided for:		
Land and buildings	**573,361**	227,813
Equity interests	**—**	903,668
Capital contributions payable to a jointly-controlled entity	**—**	73,046
	573,361	1,204,527

26. RELATED PARTY TRANSACTIONS

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

(a) Name and relationship of related parties

Name	Relationship
Mr. Shen Guojun	Ultimate controlling shareholder of the Company
China Yintai Holdings Co., Ltd ("China Yintai")	Controlled by the ultimate controlling shareholder
Silvertie Holding Co., Ltd. ("Silvertie Holding")	20.63% of its shares were held by China Yintai
Beijing Jixiang Real Estate Co., Ltd. ("Jixiang Real Estate")	Subsidiary of China Yintai
Wenzhou Yintai Department Store Co., Ltd. ("Wenzhou Yintai")	Subsidiary of China Yintai
Beijing Yonghe Yintai Property Development Co., Ltd. ("Yonghe Yintai")	Controlled by the ultimate controlling shareholder
Beijing Yintai Property Co., Ltd. ("Yintai Property")	Controlled by the ultimate controlling shareholder
Hangzhou Intime Shopping Centre Co., Ltd. ("Hangzhou Intime")	Associate of China Yintai
Lotte Intime Department Store Co., Ltd. ("Lotte Intime")	Jointly-controlled entity
Hangzhou Xin Hubin Commercial Development Co., Ltd ("Xin Hubin")	Jointly-controlled entity
Baida	Associate of the Group

26. RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

The following transactions were carried out with related parties:

	For the six months ended 30 June	
	2008 (Unaudited) RMB'000	2007 (Unaudited) RMB'000
Rental expense and management fee:		
Yintai Property (note (i))	1,278	—
Silvertie Holding (note (ii))	17,277	13,695
	18,555	13,695
Purchase of inventory Wenzhou Yintai	—	5,797
Advances to related parties:		
Jixiang Real Estate	443	97,078
Wenzhou Yintai	—	7,561
Xin Hubin	2,800	—
China Yintai	1,000	—
	4,243	104,639
Repayment from a related party:		
Jixiang Real Estate	35,681	—
Advance from a related party:		
China Yintai	1,500	—
Payment made on behalf of a related party:		
Lotte Intime (note (iii))	16,720	—
Management fee from a related party		
Baida (note (iv))	9,050	—

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26. RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties (Continued)

Notes:

(i) In 2008, Zhejiang Intime Department Store Co., Ltd. ("Zhejiang Intime") entered into an agreement with Yintai Property, to lease certain floors of an office building for its operation.

(ii) Pursuant to an agreement between Shanghai Intime and Silvertie Holding signed on 31 March 2005, Shanghai Intime leased certain floors of a building from Silvertie Holding for its operations.

(iii) Pursuant to an agreement between Zhejiang Intime and Lotte Intime, the Group paid expenses for the new store leased from Jixiang Real Estate on behalf of Lotte Intime of RMB16,720,000 during the six months ended 30 June 2008.

(iv) Zhejiang Intime entered into a management agreement ("Management Agreement") with Baida on 30 January 2008. Pursuant to the Management Agreement, Zhejiang Intime is entrusted to conduct the operation of certain subsidiaries of Baida relating to its department stores for a period of 20 years starting from 1 March 2008 to 28 February 2028.

(v) On 11 January 2008, Shanghai Intime, a subsidiary of the Company, reached an agreement with China Yintai and Yintai Yonghe to acquire 100% equity interest of Shenyang North Intime Property Co., Ltd.("Shenyang Intime") at a consideration of RMB146,000,000.

(vi) During the six months ended 30 June 2008, China Yintai has provided guarantee for Shenyang Intime for the bank loans, amounting to RMB42,800,000.

26. **RELATED PARTY TRANSACTIONS** (Continued)

(c) Due from related parties

The Group had the following significant balances due from related parties at the balance sheet date:

	30 June 2008 (Unaudited) RMB'000	31 December 2007 (Audited) RMB'000
Due from related parties:		
Silvertie Holding (note (i))	13,000	13,000
China Yintai	1,000	—
Baida (note (b) (iv))	4,745	—
Lotte Intime (note (b)(iii))	33,140	16,420
	51,885	29,420

Notes:

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

All the amounts due from related parties are denominated in RMB, are unsecured and interest-free, have no predetermined term of repayment, and are expected to be received within 12 months after the respective balance sheet date.

(d) Prepayments to related parties

	30 June 2008 (Unaudited) RMB'000	31 December 2007 (Audited) RMB'000
Jixiang Real Estate	168,955	204,193

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26. RELATED PARTY TRANSACTIONS (Continued)

(e) Due to related parties

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

	30 June 2008 (Unaudited) RMB'000	31 December 2007 (Audited) RMB'000
Due to related parties:		
China Yintai	1,500	—
Silvertie Holding	3,582	—
Hangzhou Intime	1,965	3,965
	7,047	3,965

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

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

(f) Key management compensation

	For the six months ended 30 June	
	2008 (Unaudited) RMB'000	2007 (Unaudited) RMB'000
Salaries, allowances and other benefits	2,372	1,626
Discretionary bonuses	1,670	195
Contributions to a retirement plan	212	18
Share option scheme	2,707	1,051
	6,961	2,890