TIMES Ltd.
時代零售集團有限公司*

(incorporated in the Cayman Islands with limited liability)

Stock Code: 1832

TIMES

Annual Report 2008

* For identification purpose only

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Corporate Information

EXECUTIVE DIRECTORS

Fang Hung, Kenneth, *GBS, CBE, JP*
Gao Chunhe
Fang Yan Tak, Douglas
Wong See Leung

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chan Wing Kee, *GBS, OBE, JP*
Ting Woo Shou, Kenneth, *SBS, JP*
Lau Yuen Sun, Adrian

AUDIT COMMITTEE

Lau Yuen Sun, Adrian *(Chairman)*
Chan Wing Kee, *GBS, OBE, JP*
Ting Woo Shou, Kenneth, *SBS, JP*

REMUNERATION COMMITTEE

Fang Hung, Kenneth, *GBS, CBE, JP (Chairman)*
Ting Woo Shou, Kenneth, *SBS, JP*
Lau Yuen Sun, Adrian

NANTONG TIMES PROPERTY COMMITTEE

Lau Yuen Sun, Adrian *(Chairman)*
Chan Wing Kee, *GBS, OBE, JP*
Ting Woo Shou, Kenneth, *SBS, JP*

COMPANY SECRETARY

Lau Siu Ki, Kevin

AUTHORISED REPRESENTATIVES

Wong See Leung
Lau Siu Ki, Kevin

AUDITOR

Deloitte Touche Tohmatsu

COMPLIANCE ADVISOR

The Hongkong and Shanghai Banking Corporation Limited

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

4/F, 20-24 Kwai Wing Road
Kwai Chung
New Territories
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
China Construction Bank Corporation

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
PO Box 705
Grand Cayman KY1-1107
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26/F Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

WEBSITE

http://www.timesltd.com.hk

STOCK CODE

The Stock Exchange of Hong Kong Limited: 1832

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Times Ltd. ("Times" or the "Company"), I am pleased to present the consolidated results of Times and its subsidiaries (together, the "Group") for the year ended 31 December 2008.

The Group continued to expand its retail network in 2008. This is marked by the opening of 10 new hypermarkets and the upgrading of a supermarket into a hypermarket. Meanwhile, two supermarkets were closed upon the expiry of leasing agreements. As at 31 December 2008, we had a total of 66 retail stores, of which 52 are hypermarkets and 14 are supermarkets, with a total gross floor area ("GFA") of approximately 850,000 square meters.

Driven by rapid expansion of our retail network, our unique positioning in the affluent Eastern China region and our flexible business model, both revenue and profit of the Group recorded substantial growth in 2008. The revenue of the Group in 2008 rose to approximately RMB4,007.0 million from approximately RMB3,382.0 million in 2007, representing a 18.5% year-on-year increase. Such strong growth was fuelled by the expansion of our retail network and the same-store-sales growth. Net profit attributable to shareholders of the Company in 2008 reached RMB137.3 million, representing an increase of 62.2% over 2007. Even adjusting the non-recurring expenses of RMB21.6 million incurred for the initial public offer ("IPO") in 2007, the net profit still showed an impressive 29.2% growth. The remarkable results were mainly attributable to the surge in revenue and gross profit, the effective control of operating costs as well as the reduction in People's Republic of China (the "PRC") Enterprise Income Tax rate.

DIVIDEND

The Board recommends a final dividend of HK5.4 cents (equivalent to approximately RMB4.75 cents) per share (2007: HK3.18 cents, equivalent to approximately RMB2.98 cents). The dividend per share represents a payout ratio of 30.2% of net profit for the year.

FINANCIAL CRISIS

The financial crisis has a widespread impact on economic entities. Economic growth in the PRC in the second half of 2008, especially in the fourth quarter, slowed down considerably and therefore dragged the annual gross domestic products ("GDP") growth rate down by 4 percentage points to 9%, compared to 13% in 2007. The retail sector in the PRC was also inevitably adversely affected by the tough economic situation. Despite this, our Group posted an 18.5% increase in revenue and a 29.2% increase in net profit, as a result of our flexible business model, expansion of retail network and effective cost control. Such an encouraging achievement is attributable to the relentless effort of our management team and staff.

OUTLOOK

In 2009, retailers in the PRC will face even tougher challenges. On the one hand, the global unfavorable economic condition is expected to continue for a period of time. On the other hand, foreign retail competitors are expanding and penetrating quickly in the PRC retail market. This is compounded by the increasingly intense competition amongst local retail operators. However, with the introduction of the "ten measures" in November 2008 and other economic stimulus plans by the PRC government to boost domestic demand and drive economic growth and the effort of PRC government to improve the living standards and purchasing power of peasants, together with our own rich experience in business operation in mainland China and the well recognised competitive edge of our retail network in second and third tier cities of Eastern China, we are confident that with relentless effort of our staff our Group will be able to turn challenges into opportunities.

Therefore, amid short-term uncertainties of the operating environment, we have every confidence in our business in long-term.

Furthermore, we will actively and with prudence continue to look for prime locations for opening of new stores in second and third tier cities in Eastern China with high growth potential to ensure continual expansion of our retail network. At the same time, we will also seek potential value-adding acquisition opportunities to enhance our market share profitably.

On behalf of the Board, I would like to express our gratitude to our staff for their dedication and to our shareholders and business partners for their support.

Fang Hung, Kenneth
Chairman

Hong Kong, 24 March 2009

Management Discussion and Analysis

BUSINESS ENVIRONMENT

Impacted by the world financial crisis, PRC economic growth in the second half of 2008, especially in the fourth quarter, slowed down considerably and therefore dragged the annual gross domestic products ("GDP") growth rate down by 4 percentage points to 9%, compared to 13% in 2007. The retail sector in the PRC was also inevitably adversely affected. At the same time, the enforcement of the PRC Labor Contract Law (pronounced on 29 June 2007) since 1 January 2008 had given rise to significant staff cost pressure to enterprises operating in the PRC, especially those involving labour-intensive undertakings. However, the Group, as a retail operator selling mainly daily necessities, is in an advantageous position to withstand the unfavorable economic change. The dedicated efforts of our management team in enhancing operational efficiencies, optimisating our staff deployment and exercising stringent cost controls contributed to the impressive results, bringing the Group's revenue, gross profit and net profit to new heights in 2008.

REVIEW OF OPERATIONS

In 2008, 10 hypermarkets with a total gross floor area ("GFA") of approximately 185,000 square meters were opened and one supermarket was upgraded into a hypermarket. As at 31 December 2008, the Group operated 66 stores including 52 hypermarkets and 14 supermarkets, occupying a total GFA of approximately 850,000 square meters. This compares with 58 stores including 41 hypermarkets and 17 supermarkets occupying a total GFA of approximately 666,000 square meters as at 31 December 2007. The decrease in the number of supermarkets was, apart from the upgrade of one supermarket to hypermarket, due to the closure of 2 supermarkets upon the expiry of leasing agreements. The eventual decrease in number of supermarkets is consistent with the Group's strategy of focusing on hypermarkets.

Our new distribution centre with total area of approximately 26,000 square meters has commenced operation. The distribution centre is now handling the delivery of merchandise to our supermarkets and is in preparation for the delivery of merchandise to our hypermarkets. The delivery of merchandise to hypermarkets will eventually begin in the second half of 2009. This new distribution centre will bring about increased operating efficiency and increase sales floor area in store over time.

REVIEW OF RESULTS

Revenue of the Group comprises primarily proceeds from merchandise sales and commissions from concessionaire sales. For the year of 2008, the Group's audited consolidated revenue amounted to approximately RMB4,007.0 million, representing an increase of 18.5% from approximately RMB3,382.0 million in 2007. The growth in revenue was mainly attributable to the increased number of stores and the overall growth in same-store-sales. For stores in full operation throughout 2007 and 2008, the average year-on-year same-store-sales growth was about 6.7%. For the year ended 31 December 2008, total revenue attributable to hypermarkets increased to approximately RMB3,737.7 million from approximately RMB2,981.5 million in 2007 and that to supermarkets decreased to approximately RMB269.3 million from RMB400.5 million for the same period of 2007. The decrease in supermarket revenue was mainly due to the renovation of one supermarket into hypermarket and the closure of two supermarkets.

The Group recorded a gross profit of approximately RMB670.4 million for the year ended 31 December 2008. This represents an increase of 20.6% over the gross profit of RMB555.9 million in 2007. Gross profit as a percentage of revenue in 2008 increased slightly to 16.7% (2007: 16.4%).

Other income increased by 14.6% to approximately RMB336.7 million in 2008 from approximately RMB293.8 million in 2007. Excluding the net exchange gain of approximately RMB7.4 million recorded in 2007 largely from the gain on translation of borrowings denominated in foreign currency which were fully settled in 2007, other income increased by 17.6%. Increase in other income was mainly due to (i) the 19.0% increase in promotion income to approximately RMB166.1 million in 2008 from approximately RMB139.6 million in 2007, and (ii) the 33.0% increase in rental income from leasing of shop premises to approximately RMB141.6 million in 2008 from approximately RMB106.5 million in 2007. Rental income in 2008 covered 84.0% (2007: 74.8%) of the total operating lease rental expense of approximately RMB168.5 million. The increase in promotion income and rental income from leasing of shop premises reflects our success in promotion and the success of our business model of integrating "Shopping Street" in our hypermarkets and supermarkets.

The aggregate of selling and distribution costs plus administrative expenses were approximately RMB803.1 million in 2008 (2007: RMB665.6 million). Though confronted by the pressure of continuing increase of operating expenses, such expenses as percentage of revenue remained relatively stable at 20.0% (2007: 19.7%), reflecting our effective control over operating expenses.

Net profit attributable to the shareholders of the Company for the year ended 31 December 2008 increased by 62.2% to approximately RMB137.3 million from approximately RMB84.7 million in 2007. Even adjusting the non-recurring expenses of RMB21.6 million incurred for the IPO in 2007, the net profit still showed an impressive 29.2% growth. Adjusted net profit margin increased to 3.43% in 2008 from 3.14% in 2007, attributing to the expansion of the gross profit margin, the change of PRC Enterprise Income Tax rate and the reduction of finance costs.

FUTURE PLANS

The Group will continue to focus its business in the affluent second and third tier cities in Eastern China with high growth potentials to achieve organic expansion in these regions. In January 2009, one hypermarket was opened. The Group has also further confirmed sites for opening 13 additional hypermarkets, of which 7 are expected to be opened in late 2009. We are also actively seeking opportunities of acquiring properties as our shop premises as well as other acquisition opportunities to enhance our market share and to sustain our long-term growth objective in the best interest of the Group and its shareholders.

At the time of network expansion, the management team and staff of the Group will be fully devoted to further improve distribution efficiency, optimise product mix and enhance cost control in order to maximise operation efficiency.

FINAL DIVIDEND

The Board of Directors recommends the payment of a final dividend of HK5.4 cents (equivalent to approximately RMB4.75 cents) per share, amounted to a total amount of approximately HK$47.2 million (equivalent to approximately RMB41.5 million). As a percentage to the profit attributable to shareholders of RMB137.3 million for the year, the dividend payout ratio is 30.2%.

CAPITAL EXPENDITURE

During the year ended 31 December 2008, the Group spent approximately RMB391.7 million on additions to property, plant and equipment, and also paid RMB204.7 million deposits for acquisition of property, plant and equipment and leasehold land mainly for 3 stores for the purpose of expanding its retail networks in the PRC. Such investments were financed by internal resources, the proceeds from IPO and bank borrowings.

LIQUIDITY AND FINANCIAL RESOURCES

The Group finances its operations through internally generated cash flows and external financing including bank borrowings.

The financial position of the Group remains sound. The net cash from operating activities for the year ended 31 December 2008 was approximately RMB265.3 million (2007: RMB238.8 million). The net cash position of the Group as at 31 December 2008 was approximately RMB71.5 million (2007: RMB491.6 million).

As at 31 December 2008, the Group had bank balances and cash of approximately RMB405.2 million (2007: RMB521.6 million), of which RMB11.9 million (2007: RMB155.6 million) was denominated in Hong Kong dollar.

As at 31 December 2008, the Group had total bank borrowings of approximately RMB333.7 million (2007: RMB30.0 million), of which RMB50.0 million is repayable in 2011 and the remaining borrowings are repayable within one year. As at 31 December 2008, the Group had variable-rate bank borrowings of approximately RMB61.7 million (2007: nil) denominated in Hong Kong dollar, which carried interest rate of Hong Kong Interbank Offered Rate plus 0.75%. The remaining variable-rate bank borrowings of RMB160.0 million (2007: nil) were denominated in Renminbi and bore interest rates ranging from 4.8% to 7.5% per annum. The Group also had fixed-rate bank borrowings denominated in Renminbi of approximately RMB112.0 million (2007: RMB30.0 million), which carried average fixed interest rates ranging from 5.2% to 6.1% (2007: 7.5%) per annum. As at 31 December 2008, the Group had available unutilised overdraft and short-term bank loan facilities of approximately RMB98.0 million (2007: RMB174.5 million).

The gearing ratio of the Group, calculated as a ratio of bank borrowings to total equity, was 26.2% as at 31 December 2008 (2007: 2.6%).

Current ratio of the Group as at 31 December 2008 was 0.79 (2007: 1.10). As at 31 December 2008, the Group had net current liabilities of approximately RMB386.3 million (2007: net current assets of RMB118.7 million). The Group monitors the liquidity risk carefully by considering cash flows from operations and available banking facilities. Net current liabilities position reflects effective management of working capital as the Group took advantage of longer suppliers' credit terms so that the requirement of working capital has been substantially reduced.

Most of the Group's assets, liabilities and transactions are denominated in Renminbi. Foreign exchange risk arising from the normal course of operations is considered to be minimal.

CHARGES OF ASSETS

As at 31 December 2008, the Group pledged bank deposits of approximately RMB12.0 million (2007: RMB4.9 million) as the security for bills payable. Except for the above, there were no significant charges or pledges on the Group's assets.

CONTINGENT LIABILITIES

As at 31 December 2008, the Group did not have any significant contingent liabilities.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2008, the Group had 12,865 (2007: 10,850) employees. The remuneration package for the Group's employees is structured by reference to market and industry's practice. Discretionary bonus 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 option may be granted to certain members of the management team.

EXECUTIVE DIRECTORS

Mr Fang Hung, Kenneth, GBS, CBE, JP, aged 70, is the Chairman of the Company, as well as the director of a number of wholly-owned subsidiaries of the Company. He has been with the Group since its establishment. Mr Fang is responsible for the making of major strategic and business decisions in respect of the Group including decisions with respect to investments in new stores, the continuation and closure of existing stores, the geographical expansion of the business in the various provinces of the People's Republic of China ("PRC"), borrowings, annual budgets and financing matters, senior staff recruitment, liaison with potential investors and market players regarding the possibility of future co-operation in the PRC and other matters relating to the overall directions of the Group.

Mr Fang is also the Chairman of S.C. Fang & Sons Company Limited ("Fang & Sons"), the Chairman of Fang Brothers Knitting Limited and the Chairman of Yeebo (International Holdings) Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr Fang also serves as an independent non-executive director of Jiangsu Expressway Company Limited and USI Holdings Limited each being a company listed on the Main Board of the Stock Exchange. He was awarded the Industrialist of the Year by the Federation of Hong Kong Industries in 2002. Mr Fang has held key positions in major industrial or commercial associations, such as the Chairman of the board of directors of the Hong Kong Research Institute of Textile and Apparel, an Honorary Chairman of the Hong Kong Textile Council and an Honorary President of Hong Kong Woollen and Synthetic Knitting Manufacturers' Association.

Mr Fang is a member of the National Committee of Chinese People's Political Consultative Conference and a member of the Standing Committee of Chinese People's Political Consultative Conference of Jiangsu Province.

Mr Fang graduated from Massachusetts Institute of Technology, United States of America ("USA") in 1961 with a Master's Degree in Chemical Engineering. He was also conferred an Honorary Degree of Doctor of Business Administration by the Hong Kong Polytechnic University in 2005.

Mr Fang is the father of Mr Fang Yan Tak, Douglas.

Mr Gao Chunhe, aged 55, is the Vice-chairman and the Chief Executive Officer of the Company and Jiangsu Times Supermarket Co Ltd ("Jiangsu Times"), a wholly-owned subsidiary of the Company. Mr Gao is also a director of various wholly-owned subsidiaries of the Company. Mr Gao joined the Group in 1997 and was promoted to Vice-chairman of Jiangsu Times in 2000. Mr Gao has also been a director of Fang Brothers Investments Limited ("Fang Brothers"). Mr Gao has experience in public administration and enterprise management and is familiar with the business operating environment in the PRC. Prior to joining the Group, Mr Gao was the general manager of Jiangsu Nantong Second Cotton Knitting Factory （江蘇省南通第二棉紡織廠） from 1984 to 1994 and the deputy director of Jiangsu Province Nantong Foreign Trade and Economic Bureau （江蘇省南通市對外經濟貿易委員會） in 1995. Mr Gao was a recipient of the National Young Entrepreneur Award （中國全國優秀青年企業家獎） in 1988. Mr Gao obtained a bachelor's degree in Engineering from Wuxi Institute of Light Industry （無錫輕工業學院） (presently known as Southern Yangtze University) in 1982.

Mr Fang Yan Tak, Douglas, aged 36, is an executive Director. Mr Fang is also a director of Fang Brothers as well as Jiangsu Times and a number of wholly-owned subsidiaries of the Company. Mr Fang is responsible for the making of major strategic and business decisions in respect of the Group including decisions with respect to investments in new stores, the continuation and closure of existing stores, the geographical expansion of the business in the various provinces of the PRC, borrowings, annual budgets and financing matters, senior staff recruitment, liaison with potential investors and market players regarding the possibility of future co-operation in the PRC and other matters relating to the overall directions of the Group.

Prior to joining Fang Brothers, Mr Fang worked for Donaldson Lufkin & Jenrette, an investment bank in the USA. Mr Fang graduated from Massachusetts Institute of Technology.

Mr Fang is a son of Fang Hung, Kenneth.

Mr Wong See Leung, aged 51, is an executive Director and the Chief Financial Officer of the Company. Mr Wong is also the Finance Director of Fang & Sons and a director of Fang Brothers. He is also a director of certain wholly-owned subsidiaries of the Company. Mr Wong has extensive experience in retail business by serving as a director of Jesire Europe Ltd. (a retailer of fashion apparel in Europe), a director of Toppy Thailand Company Limited (a retailer of fashion apparel in Thailand) and a director of Halewinner International Ltd, a retailer of watches in Hong Kong and Shenzhen. Both Jesire Europe Ltd. and Toppy Thailand Company Limited are companies controlled by the controlling shareholders while the controlling shareholders have minority stake in Halewinner International Ltd. Prior to joining Fang & Sons and the Group, he was the head of an audit department at KPMG, an international accounting firm, and had worked in its Hong Kong and USA offices for over 10 years. Mr Wong is a fellow member (practising) of the Hong Kong Institute of Certified Public Accountants. He is also a fellow member of the Association of Chartered Certified Accountants.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr Chan Wing Kee, GBS, OBE, JP, aged 62, is an independent non-executive Director of the Company. He has joined the Group since June 2007. Mr Chan is the managing director of Yangtzekiang Garment Limited, a director of YGM Trading Limited ("YGM") and an independent non-executive director of China Travel International Investment Hong Kong Limited, each a company listed on the Main Board of the Stock Exchange. YGM is a leading marketer and builder of international apparel brands in Asia which has been actively developing the PRC market for more than 10 years. It has established over 200 retail outlets in the PRC including in major cities such as Beijing, Shanghai and Guangzhou, while simultaneously expanding its retail network to secondary and tertiary cities. Mr Chan is also a director of Hong Kong Knitters Limited and a non-executive director of China Construction Bank (Asia) Corporation Limited.

Mr Chan is a Standing Committee Member of the Chinese People's Political Consultative Conference, Member of The Selection Committee of the Hong Kong Special Administrative Region ("Hong Kong"). He was also a Deputy to the 8th and 9th National People's Congress of China, a member of Hong Kong Affairs Adviser; a committee member of The Preparatory Committee of Hong Kong; a member of Basic Law Consultative Committee both in Hong Kong and Macau; Ex-Member of the Judicial Officers Recommendation Commission of Hong Kong; Ex-Chairman of Small and Medium Enterprises Committee of the Hong Kong.

Mr Chan is the Permanent Honorary President of Chinese Manufacturers' Association of Hong Kong; Chairman of Friends of Hong Kong Association; Vice Chairman of Hong Kong Federation of Overseas Chinese Associations; Honorary Chairman of Textile Council of Hong Kong; Honorary President of Federation of Hong Kong Garment Manufacturers; Honorary Chairman of Hong Kong Shippers' Council; Life Honorary President of Hong Kong Chamber of Commerce in China/Guangdong; Vice Chairman of Federation of Hong Kong Guangdong Community Organizations; Honorary President of The Unified Association of Kowloon West; Council Chairman of Cheng Si-yuan (China-International) Hepatitis Research Foundation; Ex-Council Member of Hong Kong Trade Development Council; Ex-Member of Textile Advisory Board; Member of Economic Council of Macau.

Mr Ting Woo Shou, Kenneth, SBS, JP, aged 66, is an independent non-executive Director of the Company. He has joined the Group since June 2007. Mr Ting currently serves as the Honorary President of the Federation of Hong Kong Industries, the Honorary President of the Chinese Manufacturers' Association of Hong Kong, the Honorary President of the Toys Manufacturers' Association of Hong Kong Limited and the President of the Hong Kong Plastics Manufacturers' Association Limited.

Mr Ting also serves as a member of a number of other trade organisations and public committees such as the Hong Kong General Chamber of Commerce, the Hong Kong Polytechnic University Court and the Hong Kong University of Science & Technology Court. He also serves as member of the Jiangsu Provincial Committee of the Chinese People's Political Consultative Conference.

Mr Ting has extensive experience in running successful business in the PRC as a director of Kader Holdings Company Limited ("Kader"), non-executive director of New Island Printing Holdings Limited and an independent non-executive director of Wheelock & Company Limited, each a company listed on the Stock Exchange, and H.C. Ting's Holdings Limited. In particular, one of Kader's major business segments is toys and plastics manufacturing where it operates comprehensive manufacturing facilities in Dongguan and exports finished goods to Europe and USA. Mr Ting, as an independent non-executive Director, can bring to the Group general knowledge in running business in the PRC as well as experience in corporate governance.

Mr Lau Yuen Sun, Adrian, aged 54, is an independent non-executive Director of the Company. He has joined the Group since June 2007. Mr Lau holds a Bachelor's Degree in Commerce from the University of Windsor, Canada. Mr Lau has years of experience in banking and investment. Mr Lau had worked for the National Bank of Canada from 1988 to 1996 and he was the vice president of Asia region and the Hong Kong branch manager from September 1994 to December 1996. Mr Lau had also worked for Bank of America, Citibank N.A. and Westpac Banking Corporation during the period from 1982 to 1988. Mr Lau is experienced in reviewing and analysing audited financial statements of public companies. Mr Lau is currently an independent non-executive director of Yeebo (International Holdings) Limited, a company listed on the Stock Exchange. He had also served directorships in Poly Investments Holdings Limited and 139 Holdings Limited ("139 Holdings"), each a company listed on the Stock Exchange. 139 Holdings was principally engaged in manufacturing, trading and distribution of garments, shoes and other related merchandises since its listing in 1994. Headquartered in Hong Kong and with the manufacturing operations in the PRC, 139 Holdings was manufacturer and distributor of a wide range of garment and shoe products under various well known brand names including "Playboy", "NBA", "Arnold Palmer" and "Garfield" through its retail outlets in the PRC and Hong Kong.

SENIOR MANAGEMENT PERSONNEL

Mr Lo Jiann Jong, aged 51, is the general manager of Jiangsu Times, responsible for the overall management of Jiangsu Times. Mr Lo joined the Group in 2002. He had over 20 years of experience in the retail industry. He previously held senior positions at Makro Company and Dong Yu Distribution Company Limited in Taiwan. He joined Ruentex Group in 1996 as a deputy general manager, and was instrumental to the establishment of RT-Mart International Company Limited in Taiwan and Shanghai. Mr Lo has held the position of general manager of Shanghai RT-Mart Company Limited between 1997 and 2002.

Mr Lau Siu Ki, Kevin, aged 50, is the Company Secretary of the Company. Mr Lau is a fellow member of both the Association of Chartered Certified Accountants as well as the Hong Kong Institute of Certified Public Accountants. Mr Lau joined the Group in June 2007.

CORPORATE GOVERNANCE PRACTICES

The board of directors of the Company (the “Board”) believes that corporate governance is essential to the success of the Company and has adopted various measures to ensure that a high standard of corporate governance is maintained. Throughout the year ended 31 December 2008, the Company has applied the principles and complied with the requirements of the Code on Corporate Governance Practices (the “Code on CGP”) listed out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The current practices will be reviewed and updated regularly to follow the latest practices in corporate governance.

The Hongkong and Shanghai Banking Corporation Limited was appointed as the Compliance Advisor of the Company for the year ended 31 December 2008.

BOARD OF DIRECTORS

The Board comprises:

Executive Directors

Mr Fang Hung, Kenneth, *GBS, CBE, JP (Chairman)*
Mr Gao Chunhe *(Vice Chairman and Chief Executive Officer)*
Mr Fang Yan Tak, Douglas
Mr Wong See Leung

Independent Non-executive Directors

Mr Chan Wing Kee, *GBS, OBE, JP*
Mr Ting Woo Shou, Kenneth, *SBS, JP*
Mr Lau Yuen Sun, Adrian

Mr Fang Hung, Kenneth is the father of Mr Fang Yan Tak, Douglas.

Except for the above, the Board members have no financial, business, family or other material or relevant relationships with one another. The Directors believe that the composition of the Board reflects the necessary balance of skills and experience of the Group as the executive Directors possess extensive experience in managing and operating retail chain and business as a whole; as well as financial control and management. The Board composition has also met the recommended practice under the Code on CGP for the Board to have at least one-third in number of its members comprising Independent Non-executive Directors.

The Independent Non-executive Directors are appointed for a period of one year. They possess appropriate professional qualifications or accounting or related financial management expertise. Having made specific enquiry with all Independent Non-executive Directors, all such Directors confirmed that they have met the criteria of Rule 3.13 of the Listing Rules regarding the guidelines for assessment of independence.

The biographical details of the Directors are set out in pages 9 to 12 of this Annual Report.

During the year, four full board meetings were held and the attendance of each Director is set out as follows:

Name of Director	Number of Meetings Attended
Mr Fang Hung, Kenneth	4/4
Mr Gao Chunhe	4/4
Mr Fang Yan Tak, Douglas	4/4
Mr Wong See Leung	4/4
Mr Chan Wing Kee	4/4
Mr Ting Woo Shou, Kenneth	3/4
Mr Lau Yuen Sun, Adrian	4/4

Regular board meetings are scheduled in advance to facilitate fullest possible attendance. At least 14 days notice of all board meetings is given to all Directors and they can include matters for discussion in the agenda if the need arises. The Company Secretary assists the Chairman in preparing the agenda for meetings and ensures that all relevant rules and regulations are followed. The agenda and the accompanying board papers are sent to all Directors at least 3 days before the date of every board meeting so that the Directors have the time to review the documents.

Every Board member is entitled to have access to board papers and related materials and has unrestricted access to the advice and services of the Company Secretary, and has the liberty to seek external professional advice if so required. The Company Secretary continuously updates all Directors on the latest development of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practice.

The Board is responsible for formulating overall strategy, monitoring and controlling the performance of the Group. In addition to its overall supervisory role, the Board also retains specific responsibilities such as approving specific senior appointments, approving financial accounts, recommending dividend payments, approving policies relating to the Board's compliance, etc whilst managing the Group's business is the responsibility of the management of the Group (the "Management").

When the Board delegates aspects of its management and administration functions to the Management, it has given clear directions, in particular, with respect to the circumstances where the Management shall report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

Chairman and Chief Executive Officer

The roles of the Chairman and the Chief Executive Officer are segregated and assumed by separate individuals who have no relationship with each other, to strike a balance of power and authority so that the job responsibilities are not concentrated on any one individual. The Chairman focuses on overall corporate development and strategic direction of the Group, and provides leadership for, and oversees the effective functioning of, the Board. The Chief Executive Officer is responsible for the day-to-day corporate management as well as planning and developing the Group's strategy.

Nomination of Directors

The Company does not have a Nomination Committee. The Board as a whole is responsible for the procedure of agreeing to the appointment of its members and for nominating appropriate person for election by shareholders at the annual general meeting, either to fill a casual vacancy or as an addition to the existing Directors.

According to the Articles of Association of the Company (the "Articles"), notice in writing of the intention to propose a person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the Head Office or at the Registration Office of the Company at least seven days before the date of the general meeting, or else no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting.

The period for lodgment of the notices referred to above will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

During the year, no new members have been appointed to the Board.

The detailed information on election of Directors including detailed biography of all Directors standing for election or re-election to ensure shareholders to make an informed decision on their election will be set out in the circular regarding, inter alia, the share repurchase mandate and notice of annual general meeting.

Retirement and Removal of Directors

According to the Articles, all Directors are subject to retirement from office at an annual general meeting at least once every three years and will be eligible for re-election. The office of a Director is liable to be vacated in certain circumstances and the Company may remove any Director by an ordinary resolution at a general meeting.

BOARD COMMITTEES

The Board establishes committees to assist it in carrying out its responsibilities. The Board has appointed 3 Board committees i.e. the Remuneration Committee, Audit Committee and Nantong Times Property Committee to oversee particular aspects of the Group's affairs. Each of the committees has defined terms of reference setting out its duties, powers and function. The committees report regularly to the Board and, where appropriate, make recommendations on matters discussed.

Remuneration Committee

The Remuneration Committee comprises Mr Ting Woo Shou, Kenneth and Mr Lau Yuen Sun, Adrian, both Independent Non-executive Directors, and Mr Fang Hung, Kenneth, Chairman of the Board. Mr Fang Hung, Kenneth, was appointed as Chairman of the Remuneration Committee. The written terms of reference stipulating the authority and duties of the Remuneration Committee conform to the provisions of the Code on CGP.

The major roles and functions of the Remuneration Committee are as follows:

1. To formulate and recommend to the Board the overall remuneration policy for the Directors and senior management.

2. To recommend to the Board the policy and structure for the remuneration of Directors (including Non-executive Directors) and senior management and to determine their remuneration package.

3. To consider the annual performance of the Executive Directors and senior management and recommend to the Board bonus payments and specific adjustments in remuneration.

4. To ensure that no Director is involved in deciding his own remuneration.

The Remuneration Committee shall meet at least once a year. A meeting was held during the year ended 31 December 2008. Mr Fang Hung, Kenneth and Mr Lau Yuen Sun, Adrain attended the meeting. During the meeting, the overall pay trend in the People's Republic of China was noted and the remuneration of the senior management team was reviewed accordingly. The overall remuneration structure of the Directors and senior management was also discussed and reviewed.

Audit Committee

The Audit Committee comprises the three Independent Non-executive Directors. Mr Lau Yuen Sun, Adrian, was appointed as Chairman of the Audit Committee.

The major roles and functions of the Audit Committee are as follows:

1. To consider the appointment of the external auditor, the audit fees, and any questions of resignation or dismissal of the external auditor of the Group.
2. To review and monitor the independence of the external auditor and to discuss with them the nature and scope of the audit.
3. To review the interim and annual financial statements before submission to the Board.
4. To review the Group's financial and accounting policies and practices.
5. To review the external auditor's management letters and management's response.
6. To review the Group's systems of financial controls, internal controls and risk management including the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programme and budget to ensure that they are appropriate and functioning properly.
7. To consider any findings of major investigations of internal control matters and management's response.

The Audit Committee shall meet at least twice a year. During the year, three meetings were held and the attendance of each member of the Audit Committee is set out as follows:

Name of Director	Number of Meetings Attended
Mr Chan Wing Kee	3/3
Mr Ting Woo Shou, Kenneth	2/3
Mr Lau Yuen Sun, Adrian	3/3

During the year, the Audit Committee had performed the following:

(i) reviewed the financial reports for the year ended 31 December 2007 and for the six months ended 30 June 2008;

(ii) reviewed the internal audit plan and the effectiveness of internal control system;

(iii) reviewed the external auditor's statutory audit plan and engagement letter;

(iv) discussed with the management the effectiveness of the internal control of the Group, including the findings in an internal control review performed during the year; and

(v) reviewed and recommended for approval by the Board the scope and fees of the audit for the year ended 31 December 2008.

Nantong Times Property Committee

The Nantong Times Property Committee comprises the three Independent Non-executive Directors. Mr Lau Yuen Sun, Adrian, was appointed as Chairman of the Nantong Times Property Committee.

The major roles and functions of the Nantong Times Property Committee are as follows:

1. To review all transactions between the Group and Nantong Times Property Co., Ltd ("Nantong Times Property") to ensure that they are conducted on normal commercial terms and in the ordinary and usual course of business of the Group and to recommend to the Board the corrective measures in such transactions if needed or not to proceed with such transactions;

2. To establish, where applicable, guidelines for Management to follow in the ongoing transactions between the Group and Nantong Times Property;

3. To review and assess ongoing relationships between the Group and Nantong Times Property to ensure compliance with the established guidelines and to ensure the continuation of such relationship remains fair to the Group; and

4. To analyse and assess any potential conflict of interests between the Group and Nantong Times Property.

Nantong Times Property was established in the People's Republic of China and is owned beneficially as to 60% by Fang Brothers Investments Limited, a company indirectly controlled by Mr Fang Hung, Kenneth, Mr Fang Chiu, Laurence and Mr Fang Kang, Vincent, and as to 40% by an independent third party. Mr Fang Hung, Kenneth, Mr Fang Chiu, Laurence and Mr Fang Kang, Vincent are the controlling shareholders of the Company.

The Nantong Times Property Committee shall meet regularly every six months or whenever any significant issue in relation to the Group's transactions with Nantong Times Property arises. Two meetings were held during the year ended 31 December 2008. Both meetings were attended by all members of the Nantong Times Property Committee. During the meetings the nature and volume of the transactions between the Group and Nantong Times Property as well as the guidelines governing those transactions were reviewed.

AUDITOR'S REMUNERATION

During the year under review, the remuneration paid or payable to the Company's auditor, Messrs Deloitte Touche Tohmatsu, is set out as follows:

Services rendered	**Fees paid and payable** HK$
Audit services	2,225,000
Non-audit services	75,000
	2,300,000

INTERNAL CONTROL

The Board and senior management are responsible for establishing, maintaining and operating an effective system of internal control. The internal control system of the Group comprises a well-established organisational structure and comprehensive polices and standards. The Board has clearly defined the authorities and key responsibilities of each business and operational unit to ensure adequate checks and balances.

During the year the Board has reviewed the effectiveness of the internal control system of the Group. The Board is of the view that the system of internal controls in place for the year under review is sound and sufficient to safeguard the interests of shareholders, customers and employees, as well as the Group's assets.

The Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and involving in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls include the following:

(i) The Management, led by the Executive Directors, ensures the effectiveness of the Group's daily operations and that the Group's operations are in accordance with the corporate objectives, strategies and the annual budget as well as the policies and business directions that have been approved.

(ii) The Audit Committee of the Company reviews internal control issues identified by external auditor, regulatory authorities and Management, and evaluates the adequacy and effectiveness of the Group's risk management and internal control systems.

(iii) The Remuneration Committee ensures that all the Directors and the senior management of the Group are remunerated in line with market terms and individual performance.

(iv) The Nantong Times Property Committee ensures that the transactions between the Group and Nantong Times Property are entered into under normal commercial terms in accordance with established guidelines.

(v) The corporate reporting functions are delegated to the accounting department in terms of proper and regular reviews on the deployment of resources and financial reporting systems. The corporate governance practices and compliance with the Listing Rules, Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and other applicable regulations are delegated to the company secretarial department. The Management reviews the system of internal controls and briefs the reporting systems with the Executive Directors regularly and the Audit Committee annually.

(vi) Every newly appointed Director would be provided with a comprehensive handout detailing the responsibilities and duties of being a director of the Company. In particular all newly appointed Directors would be briefed of the respective applicable rules and regulations, including the Listing Rules, which a director should be aware of on the first occasion of his appointment with the Company.

(vii) The Company has adopted the code of conduct regarding directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules (the "Model Code"). A copy of the Model Code was sent to each Director and the relevant employees of the Group who are required to be provided under the Model Code. Enquiries have been made with Directors and all the Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2008.

ACCOUNTABILITY AND AUDIT

The Directors are responsible for overseeing the preparation of accounts of each financial period, which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the accounts for the year ended 31 December 2008, the Directors have selected suitable accounting policies and have applied them consistently, adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards which are pertinent to its operations and relevant to the financial statements, made judgments and estimates that are prudent and reasonable, and have prepared the accounts on the going concern basis.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Board recognises the importance of maintaining on-going communication with the shareholders. During 2008, the Company has engaged a professional public relation consultancy firm to organise various investor relation programs aiming at increasing its transparency, enhancing communication, increasing investors' understanding of and confidence in the Group's business. It also aims at building investors' confidence in the Group's future developments and promoting market recognition and support to the Company.

As a channel of further promoting effective communication, the corporate website is maintained to disseminate the relevant financial and non-financial information on a timely basis.

The annual general meeting provides a useful forum for shareholders to exchange views with the Board. The Chairman of the Board as well as the Chairmen of various committees of the Board were present in the 2008 Annual General Meeting of the Company to answer shareholders' questions.

Directors' Report

The directors present their annual report and the audited consolidated financial statements of Times Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of the Company's principal subsidiaries are set out in note 35 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2008 are set out in the consolidated income statement on page 33.

The directors recommend the payment of a final dividend of HK5.4 cents (equivalent to approximately RMB4.75 cents) per share for the year ended 31 December 2008 to the shareholders whose names appear on the register of members on 26 May 2009, amounting to approximately RMB41,500,000 and the retention of the remaining profit for the year.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 28 to the consolidated financial statements.

SHARE OPTION SCHEME

Particulars of the Company's share option scheme are set out in note 32 to the consolidated financial statements.

No option has been granted under the Company's share option scheme since its adoption on 26 June 2007.

DISTRIBUTABLE RESERVE OF THE COMPANY

As at 31 December 2008, the Company's reserves available for distribution to shareholders were as follows:

	RMB'000
Share premium	940,390
Accumulated losses	(64,841)
	875,549

Under the Companies Law of the Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the date on which any dividend is proposed to be distributed, the Company will be able to pay its debts as they fall due in the ordinary course of business.

DIRECTORS

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

Executive directors:
Mr Fang Hung, Kenneth
Mr Gao Chunhe
Mr Fang Yan Tak, Douglas
Mr Wong See Leung

Independent non-executive directors:
Mr Chan Wing Kee
Mr Ting Woo Shou, Kenneth
Mr Lau Yuen Sun, Adrian

In accordance with the provisions of the Company's Articles of Association, Mr Fang Hung, Kenneth, Mr Wong See Leung and Mr Chan Wing Kee will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2008, 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	Capacity	Number of Shares	Approximate Percentage of Shareholding (%)
Fang Hung, Kenneth ("Mr Kenneth Fang")	Corporate interest	631,800,000 *(Note)*	72.29
Ting Woo Shou, Kenneth	Personal interest	1,260,000	0.14

Note: *These shares were held by CS International Investment Limited ("CS International"), 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 31 December 2008, 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.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2008, 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	Capacity	Number of Shares	Approximate Percentage of Shareholding (%)
Mr Laurence Fang[(i)]	Corporate interest	631,800,000	72.29
Mr Vincent Fang[(i)]	Corporate interest	631,800,000	72.29
Loyson Pacific[(i)]	Corporate interest	631,800,000	72.29
Lenstar Global[(ii)]	Corporate interest	631,800,000	72.29
CS International[(iii)]	Beneficially owned	631,800,000	72.29
Commonwealth Bank of Australia[(iv)]	Corporate interest	53,832,000	6.16
Newton Investment Management Ltd[(v)]	Investment manager	53,354,622	6.10

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.*

(iv) *According to the information disclosed to the Company under Part XV of the SFO, these shares were held by corporations controlled directly and indirectly as to 100% by Commonwealth Bank of Australia.*

(v) *These shares were held by Newton Investment Management Ltd as investment manager.*

Save as disclosed above, the register required to be kept under section 336 of the SFO shows that as at 31 December 2008, 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.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

CONNECTED TRANSACTIONS

During the year, the following connected transactions were recorded:

Transactions with Nantong Times Property Co., Ltd. ("Nantong Times Property")

On 18 June 2007, Jiangsu Times Supermarket Co., Ltd. ("Jiangsu Times"), a wholly-owned subsidiary of the Company, entered into a management agreement (the "Management Agreement") with Nantong Times Property for a term of 3 years. In accordance with the terms of the Management Agreement:

(i) The Group provided management and operation services to Nantong Times Property in respect of the latter's supermarket located at 57 Ren Min Dong Lu, Nantong, Jiangsu Province, The People's Republic of China ("PRC") (the "Subject Supermarket") and is entitled to receive a monthly management fee equal to 0.2% of the total monthly turnover of the Subject Supermarket. The total management fee received or receivable from Nantong Times Property during the year amounted to approximately RMB194,000.

(ii) The Group supplied to Nantong Times Property at cost various marketing materials including general packaging and wrapping materials. The aggregate amount of marketing materials supplied by the Group to Nantong Times Property during the year amounted to approximately RMB925,000.

(iii) The Group supplied to Nantong Times Property at cost various merchandise comprising items for sale at the Subject Supermarket. The aggregate amount of such merchandise supplied by the Group to Nantong Times Property during the year amounted to approximately RMB97,214,000.

Nantong Times Property was established in the PRC and is owned beneficially as to 60% by Fang Brothers Investments Limited ("Fang Brothers"), a company indirectly controlled by Mr Kenneth Fang, Mr Laurence Fang and Mr Vincent Fang, and as to 40% by an independent third party. Mr Kenneth Fang, Mr Laurence Fang and Mr Vincent Fang are the controlling shareholders of the Company. In order to avoid any potential competing and conflict of interest between the Group and Nantong Times Property, the Group has implemented the following measures:

(i) All executive directors would excuse themselves from the board meeting whenever any discussion is held and abstain from voting on any board resolution that concern the operation and management of Nantong Times Property and / or any alteration of the terms of the Management Agreement.

(ii) The Group has established a committee known as Nantong Times Property Committee (the "Committee") which will meet regularly every six months and whenever any issue or material amendment of the Management Agreement arises. The members of the Committee shall be appointed by the board and shall all be independent non-executive directors of the Company. The Committee's duties include the following:

    a. Review all transactions (including material amendments to the Management Agreement) between the Group and Nantong Times Property to ensure that they are conducted on normal commercial terms and in the ordinary and usual course of business of the Group and to recommend to the Board the corrective measures in such transactions if needed or not to proceed with such transactions;

b. Establish, where applicable, guidelines for management to follow in its ongoing transactions between the Group and Nantong Times Property;

c. Review and assess ongoing relationships between the Group and Nantong Times Property to ensure compliance with the Committee's guidelines and to ensure the continuation of such relationship remains fair to the Group; and

d. Analyse and assess any potential conflict of interests between the Group and Nantong Times Property.

The Committee has met and concluded that:

(i) The terms indicated in the Management Agreement was entered into after arm's length negotiation between Jiangsu Times and Nantong Property Times Property;

(ii) The transactions between Nantong Times Property and Jiangsu Times for the year ended 31 December 2008 are fair and in the usual course of business and in accordance with the Management Agreement;

(iii) There has been no potential conflict of interest between the Group and Nantong Times Property required to be reported to the Board and shareholders; and

(iv) Given the present arrangement and updated information provided to the Committee, the Committee does not consider that any additional guidelines for management be necessary.

Transaction with Core Post Company Limited ("Core Post")

On 1 June 2007, the Company entered into a tenancy agreement with Core Post pursuant to which the Company leased certain premises as it's office in Hong Kong for a term of one year. On 1 June 2008, the Company renewed the tenancy agreement with Core Post for a term of one year. During the year the Group paid HK$60,000 (equivalent to approximately RMB55,000) to Core Post as rental.

Core Post is a Hong Kong incorporated company which is indirectly controlled by Mr Kenneth Fang and Mr Fang Yan Tak, Douglas, both directors of the Company.

Transaction with 南通輝騰置業有限公司 ("Nantong Fightingale")

On 18 June 2007, Jiangsu Times entered into a lease agreement with Nantong Fightingale pursuant to which the Group leased certain premises from Nantong Fightingale for its hypermarket operations for a term of 3 years. During the year the Group paid a total amount of RMB1,000,000 to Nantong Fightingale as lease payments.

Nantong Fightingale is owned as to 98.25% by Fightingale Estates Limited, a company beneficially owned by Mr Kenneth Fang and Mr Fang Yan Tak, Douglas, and 1.75% by 南通中誠實業有限公司 (Nantong Zhong Cheng Corporation Limited), a company controlled by Mr Gao Chunhe. Mr Kenneth Fang, Mr Fang Yan Tak, Douglas and Mr Gao Chunhe are all directors of the Company.

Except for the supply of merchandise to Nantong Times Property, all the other connected transactions disclosed above are qualified as "de minimis transactions" pursuant to Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and are exempt from all the reporting, announcement and independent shareholders' approval requirement. The supply of merchandise to Nantong Times Property (the "Transaction") contemplated under the Management Agreement was classified as a non-exempt continuing connected transaction which will be subject to the reporting, announcement and independent shareholders' approval under Rule 14A.35 of the Listing Rules. Pursuant to Rule 14A.38 of the Listing Rules, the Board of directors engaged the auditor of the Company to perform certain agreed-upon procedures in respect of the Transaction whether the Transaction:

(a) has received the approval of the Board of directors;

(b) has been entered into in accordance with the terms of the relevant agreement governing such transactions;

(c) has not exceeded the relevant cap amount for the financial year ended 31 December 2008 as set out in the Prospectus, and

(d) has been entered into in accordance with the pricing policies of the Group as set out in the Prospectus.

The auditor has reported its factual findings on these procedures in respect of the Transaction to the Board of directors. The independent non-executive directors have reviewed the continuing connected transactions and confirmed that the Transactions have been entered into by the Company in the ordinary and usual course of its business, on normal commercial terms, and in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Other than as disclosed above, there were no other transactions which need to be disclosed as connected transactions in accordance with the requirements of the Listing Rules and no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

NON-COMPETITION UNDERTAKING

Each of Mr Kenneth Fang, Mr Laurence Fang and Mr Vincent Fang (each a "Non-Compete Covenantor") has entered into a deed of non-competition (the "Non-competition Deed") dated 26 June 2007 in favour of the Company, pursuant to which each Non-Compete Covenantor has unconditionally and irrevocably undertaken to and covenanted with the Company (for itself and as trustee for each of the other members of the Group) that as long as (i) the securities of the Company are and remain listed on the Stock Exchange and (ii) such Non-Compete Covenantor and/or his associate(s) is/are a controlling shareholder of the Company:

(a) He shall not, and shall procure that none of his/its associates (other than the Group) shall, carry on, participate or be engaged, concerned or interested, directly or indirectly (other than his interest in the Company and Nantong Times Property), in the business of the operation and management of hypermarkets and supermarkets in the PRC which competes or may compete directly with the business currently carried on by the Group unless and until the Group ceases to carry on or be engaged in such business;

(b) So long as he and his associates can control a majority of the board of, or are beneficially interested in more than 50% of the equity interests in, Nantong Times Property, he shall use his best endeavours to (i) procure that Nantong Times Property shall only operate in the current sales area and shall not increase or expand its scale of operation beyond the scale of operation existing as at the date of the Non-competition Deed; and (ii) procure the sale by Fang Brothers of its entire interests in Nantong Times Property to the Group when requested by the Company upon Fang Brothers or other associates of the Non-Compete Covenantors becoming the owner of the entire equity interests in Nantong Times Property; and (iii) use his/their best endeavours to procure Fang Brothers and the other owner of Nantong Times Property shall offer the Group the first right to acquire the business of Nantong Times Property in the event that Nantong Times Property wishes to sell such business.

The Company has received from each Non-Compete Covenantor's annual declaration on whether he has complied with the Non-competition Deed. The independent non-executive directors have confirmed that they are not aware of any instance where the Non-competition Deed has not been complied with.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers and purchases from the five largest suppliers accounted for less than 30% of the total sales and purchases for the year, respectively.

EMOLUMENT POLICY

The Group mainly determines staff remuneration in accordance with market terms and individual qualifications.

The emoluments of the directors of the Company are decided by the board of directors, as authorised by the shareholders at the annual general meeting, having regard to the Group's operating results, individual performance and comparable market statistics.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year.

PRE-EMPTIVE RIGHTS

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

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 year ended 31 December 2008.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 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 year ended 31 December 2008.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the financial statements of the Group for the year ended 31 December 2008.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float as required under the Listing Rules during the year ended 31 December 2008.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Fang Hung, Kenneth
Chairman
Hong Kong, 24 March 2009

Deloitte.
德勤

TO THE MEMBERS 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 33 to 77, which comprise the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, 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 issued by the Hong Kong Institute of Certified Public Accountants 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.

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 31 December 2008 and of the Group's profit and cash flows for the year then ended 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.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
24 March 2009

Consolidated Income Statement

For the year ended 31 December 2008

	NOTES	2008 RMB'000	2007 RMB'000
Revenue	6	**4,007,002**	3,381,954
Cost of sales		**(3,336,569)**	(2,826,059)
Gross profit		**670,433**	555,895
Other income	8	**336,674**	293,806
Selling and distribution costs		**(698,217)**	(582,140)
Administrative expenses		**(104,889)**	(83,431)
Other expenses	9	**—**	(21,621)
Finance costs	10	**(5,978)**	(15,665)
Profit before taxation		**198,023**	146,844
Taxation	11	**(60,717)**	(62,189)
Profit for the year	12	**137,306**	84,655
Dividends	15	**41,515**	26,045
Earnings per share			
Basic (RMB)	16	**0.157**	0.114

Consolidated Balance Sheet

At 31 December 2008

	NOTES	2008	2007
		RMB'000	RMB'000
Non-current assets			
Property, plant and equipment	17	**1,011,006**	663,769
Prepaid lease payments	18	**315,953**	267,724
Prepaid lease rentals	19	**169,058**	69,384
Deposits for acquisition of property, plant and equipment and leasehold land	20	**204,738**	30,484
Deferred tax assets	21	**9,355**	10,327
		1,710,110	1,041,688
Current assets			
Inventories	22	**741,770**	574,792
Trade and other receivables	23	**172,090**	109,260
Prepaid lease payments	18	**8,989**	7,572
Prepaid lease rentals	19	**97,289**	113,902
Pledged bank deposits	24	**12,026**	4,916
Bank balances and cash	25	**405,214**	521,592
		1,437,378	1,332,034
Current liabilities			
Trade and other payables	26	**1,525,678**	1,159,100
Tax liabilities		**14,240**	24,194
Bank borrowings	27	**283,733**	30,000
		1,823,651	1,213,294
Net current (liabilities) assets		**(386,273)**	118,740
Total assets less current liabilities		**1,323,837**	1,160,428

Consolidated Balance Sheet *Continued*

At 31 December 2008

	NOTES	2008 RMB'000	2007 RMB'000
Capital and reserves			
Share capital	28	**8,478**	8,478
Reserves		**1,263,211**	1,151,950
Total equity		**1,271,689**	1,160,428
Non-current liabilities			
Bank borrowings	27	**50,000**	—
Deferred tax liability	21	**2,148**	—
		52,148	—
		1,323,837	1,160,428

The consolidated financial statements on pages 33 to 77 were approved and authorised for issue by the Board of Directors on 24 March 2009 and are signed on its behalf by:

DIRECTOR
Fang Hung, Kenneth

DIRECTOR
Wong See Leung

Consolidated Statement of Changes in Equity

For the year ended 31 December 2008

	Attributable to equity holders of the Company							
	Share capital RMB'000	Share premium 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
At 1 January 2007	8	—	14,175	6,108	3,149	(25,423) *(Note c)*	49,596	47,613
Profit for the year and total recognised income for the year	—	—	—	—	—	—	84,655	84,655
Issue of shares	2,350	978,703	—	—	—	—	—	981,053
Capitalisation issue *(Note d)*	5,643	(5,643)	—	—	—	—	—	—
Transaction costs attributable to issue of shares *(Note 9)*	—	(32,670)	—	—	—	—	—	(32,670)
Shareholder's contribution *(Note e)*	—	—	—	—	—	79,777	—	79,777
Reserve arising from corporate reorganisation *(Note f)*	477	—	—	—	—	(477)	—	—
Appropriations	—	—	10,829	1,083	4,332	—	(16,244)	—
At 31 December 2007	8,478	940,390	25,004	7,191	7,481	53,877	118,007	1,160,428
Profit for the year and total recognised income for the year	—	—	—	—	—	—	137,306	137,306
Dividend paid	—	—	—	—	—	—	(26,045)	(26,045)
Transfer to statutory surplus reserve *(Note b)*	—	—	14,672	(7,191)	(7,481)	—	—	—
Appropriations	—	—	15,910	—	—	—	(15,910)	—
At 31 December 2008	**8,478**	**940,390**	**55,586**	**—**	**—**	**53,877**	**213,358**	**1,271,689**

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 were made on an annual basis at the end of each financial year on or before 31 December 2007.

Pursuant to the changes of the relevant PRC Company Law, the subsidiaries of the Company incorporated in the PRC are no longer required to make appropriation to the statutory public welfare fund and enterprise development fund. The balances of the statutory public welfare fund and enterprise development fund were transferred to the statutory surplus reserve during the year ended 31 December 2008.

(c) The amount represents special reserve of RMB25,423,000 resulted from a corporate reorganisation. Details of which are set out in the prospectus ("Prospectus") issued by the Company dated 29 June 2007.

(d) 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 (equivalent to approximately RMB5,643,000), details of which are set out in the Prospectus.

(e) Pursuant to the corporate reorganisation on 26 June 2007, the amount due to the then ultimate holding company, S.C. Fang & Sons, amounted to RMB79,777,000 was assigned to a subsidiary of the Company, Times Supermarket Limited ("Times Supermarket"), satisfied by issuing one share of Time Supermarket ("Share") amounting to US$1 to the immediate holding company, CS International Investment Limited ("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.

(f) 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 as a 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 year ended 31 December 2008

	NOTE	2008 RMB'000	2007 RMB'000
OPERATING ACTIVITIES			
Profit before taxation		**198,023**	146,844
Adjustments for:			
Interest expense		**5,978**	15,665
Depreciation of property, plant and equipment		**73,111**	59,593
Loss on disposal of property, plant and equipment		**1,304**	729
Interest income		**(6,994)**	(11,111)
Prepaid lease payments charged to profit and loss		**7,754**	5,338
Operating cash flows before movements in working capital		**279,176**	217,058
Increase in inventories		**(166,978)**	(152,707)
Increase in trade and other receivables		**(62,830)**	(20,923)
Increase in prepaid lease rentals		**(83,061)**	(37,815)
Increase in trade and other payables		**366,578**	283,410
Cash generated from operations		**332,885**	289,023
PRC Enterprise Income Tax paid		**(67,551)**	(50,181)
NET CASH FROM OPERATING ACTIVITIES		**265,334**	238,842
INVESTING ACTIVITIES			
Acquisition of assets	33	**—**	(126,264)
Purchases of property, plant and equipment		**(391,670)**	(151,327)
Deposits paid for acquisition of property, plant and equipment and leasehold land		**(204,738)**	(25,084)
Payments for prepaid lease		**(57,400)**	(19,263)
Repayments from related companies		**—**	20,126
Repayment from immediate holding company		**—**	8
Proceeds from disposal of property, plant and equipment		**502**	687
Interest received		**6,994**	11,111
(Increase) decrease in pledged bank deposits		**(7,110)**	5,598
NET CASH USED IN INVESTING ACTIVITIES		**(653,422)**	(284,408)

Consolidated Cash Flow Statement *Continued*

For the year ended 31 December 2008

	2008 RMB'000	2007 RMB'000
FINANCING ACTIVITIES		
Net proceeds from issue of shares	—	948,383
Repayment to a director	—	(137,995)
Repayments to related companies	—	(200,453)
Advance from ultimate holding company	—	397
Repayment to a fellow subsidiary	—	(68,497)
Dividend paid	**(26,045)**	—
New bank borrowings raised	**475,733**	703,290
Repayment of bank borrowings	**(172,000)**	(872,572)
Interest paid	**(5,978)**	(15,665)
NET CASH FROM FINANCING ACTIVITIES	**271,710**	356,888
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(116,378)**	311,322
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**521,592**	215,456
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	—	(5,186)
CASH AND CASH EQUIVALENTS AT END OF YEAR, represented by bank balances and cash	**405,214**	521,592

1. GENERAL

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. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 16 July 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 (“BVI”). 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 the corporate reorganisation (the “Corporate Reorganisation”) in preparation for the listing of the Company’s shares on the Stock Exchange (“Listing”), the Company became the holding company of the Group on 26 June 2007. Details of the Corporate Reorganisation are set out in the Prospectus.

The Group resulting from the Corporate Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements for the period from 1 January 2007 to 16 July 2007 have been prepared on the basis as if the Company had always been the holding company of the Group, using the principles of merger accounting in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 35.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the HKICPA, which were effective for the Group's financial year beginning on 1 January 2008.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets
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 the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting years have been prepared and presented. Accordingly, no prior year adjustment has been required.

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

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of financial statements[2]
HKAS 23 (Revised)	Borrowing costs[2]
HKAS 27 (Revised)	Consolidated and separate financial statements[3]
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation [2]
HKAS 39 (Amendment)	Eligible hedged items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate[2]
HKFRS 2 (Amendment)	Vesting conditions and cancellations[2]
HKFRS 3 (Revised)	Business combinations[3]
HKFRS 7 (Amendment)	Improving disclosures about financial instruments[2]
HKFRS 8	Operating segments[2]
HK(IFRIC) - INT 9 & HKAS 39	Embedded derivatives[4]
HK(IFRIC) - INT 13	Customer loyalty programmes[5]
HK(IFRIC) - INT 15	Agreements for the construction of real estate[2]
HK(IFRIC) - INT 16	Hedges of a net investment in a foreign operation[6]
HK(IFRIC) - INT 17	Distribution of non-cash assets to owners[3]
HK(IFRIC) - INT 18	Transfer of assets from customers[7]

1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.
2 Effective for annual periods beginning on or after 1 January 2009.
3 Effective for annual periods beginning on or after 1 July 2009.
4 Effective for annual periods ending on or after 30 June 2009.
5 Effective for annual periods beginning on or after 1 July 2008.
6 Effective for annual periods beginning on or after 1 October 2008.
7 Effective for transfers on or after 1 July 2009.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – CONTINUED

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. HKAS 23 (Revised) removes the option to expense borrowing costs as incurred and requires capitalisation of borrowing costs attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that take a substantial time to get ready for their intended use or sale. The directors of the Company anticipate that the application of the other new and revised standards, amendments 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 HKFRSs 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.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

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

Merger accounting for business combinations under common control

The consolidated financial statements incorporate the financial statements 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.

3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold 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 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 year. 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 years and it further excludes items that are never taxable or 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 taxable profit nor the accounting profit.

Deferred tax liabilities are recongised for taxable temporary differences arising on the investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 year when the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to profit or loss.

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 retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Government grant

Government grants with no future related cost are recognised as income when they are unconditional and become receivable and are reported separately as “other income”.

3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property, plant and equipment

Property, plant and equipment including land and buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress) 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 (other than construction in progress) over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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 year in which the item is derecognised.

Leasehold land and buildings under development for future owner-occupied purpose

When the leasehold land and buildings are in the course of development for production or for administrative purposes, the leasehold land component is classified as a prepaid lease payment and amortised over a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses, if any. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

Impairment losses on tangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible 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.

3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Inventories

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

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated 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.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

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, pledged bank deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. (see accounting policy on impairment loss on loans and receivables below).

3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Financial assets – Continued

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at each balance sheet date. They are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of the loans and receivables have been impacted. Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- the receivables become past due for a long period of time.

For trade receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments and observable changes in national or local economic conditions that correlate with default on receivables.

An impairment loss is recognised in profit or loss when there is objective evidence of impairment and is measured as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

The carrying amount of loans and receivables is reduced by the impairment loss directly except for trade receivables, where the carrying amount is reduced through the use of an allowance account (if any). Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities (including trade and other payables 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.

Expenses are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

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.

4. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2008 RMB'000	2007 RMB'000
Financial assets		
Loans and receivables (including bank balances and cash)	**454,799**	539,259
Financial liabilities		
Amortised cost	**1,327,417**	870,835

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 include market risk (currency risk and interest rate risk), credit risk and liquidity risk. 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.

Market risk

Fair value and cash flow interest rate risk

The Group's fair value interest rate risk relates primarily to its fixed-rate bank borrowings (see note 27 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank borrowings (see note 27 for details). The Group currently does not have an interest rate hedging policy. However, the management monitor interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rates on bank borrowings are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rate offered by the People's Bank of China arising from the Group's Renminbi denominated bank balances and bank borrowings.

4. FINANCIAL INSTRUMENTS – CONTINUED

Financial risk management objectives and policies – Continued

***Market risk* – Continued**

Fair value and cash flow interest rate risk – Continued

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments. The analysis is prepared assuming the variable-rate bank balances and borrowings outstanding at the balance sheet date were outstanding for the whole year. A 50 basis point (2007: 50 basis point) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rate had been 50 basis points (2007: 50 basis points) lower/higher and all other variables were held constant, the Group's post-tax profit for each of the years ended 31 December 2008 and 2007 would decrease/increase by approximately RMB874,000 and RMB1,229,000 respectively.

In the opinion of the directors of the Company, the sensitivity analysis is not necessarily representative of the inherent cash flow interest rate risk as the year-end exposure does not reflect the exposure during the years.

Currency risk

Several subsidiaries of the Company have bank borrowings and bank balances 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.

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in Hong Kong dollar at the balance sheet dates are as follows:

	2008	2007
	RMB'000	RMB'000
Bank balances	**11,884**	155,639
Bank borrowings	**61,733**	—

4. FINANCIAL INSTRUMENTS – CONTINUED

Financial risk management objectives and policies – Continued

***Currency risk* – Continued**

Sensitivity analysis

The Group's currency risk is mainly arising from the exchange rate of Renminbi against Hong Kong dollar.

The following table details the Group's sensitivity to a 5% (2007: 5%) increase/decrease in Renminbi against Hong Kong dollar. The 5% (2007: 5%) change represents management's assessment of the reasonably possible change in Renminbi against Hong Kong dollar. The sensitivity analysis includes only outstanding bank balances and bank borrowings denominated in Hong Kong dollar and adjusts their translations at the year end for a 5% (2007: 5%) change in Renminbi against Hong Kong dollar. The following table indicates the change in post-tax profit for the year where Renminbi strengthens against Hong Kong dollar.

	2008	2007
	RMB'000	RMB'000
Increase (decrease) in post-tax profit for the year	**2,374**(i)	(7,411)(i)

(i) This is mainly attributable to the exposure outstanding on the Group's bank balances and bank borrowings denominated in Hong Kong dollar at the year end.

In the opinion of the directors of the Company, the sensitivity analysis is not necessarily representative of the inherent foreign exchange risk as the year-end exposure does not reflect the exposure during the years.

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. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk.

4. FINANCIAL INSTRUMENTS – CONTINUED

Financial risk management objectives and policies – Continued

Liquidity risk

The Group has net current liabilities of approximately RMB386,273,000 as at 31 December 2008. The consolidated financial statements have been prepared on a going concern basis because the directors believed that the Group has sufficient funds to finance its current working capital requirements taking into account of the existing banking facilities and cashflows from operations.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. As at 31 December 2008, the Group has bank balances and cash of approximately RMB405,214,000. The Group relies on cash generated from operating activities as a significant source of liquidity. For the year ended 31 December 2008, the Group have cash generated from operating activities of approximately RMB265,334,000. Other than the cash generated from operating activities, the Group's management is responsible to maintain continuing of funding from bank loans and the management also monitors the utilisation of bank loans and ensures compliance with loan covenants. The directors believe that the Group will have sufficient funds available to meet its financial obligations in the foreseeable future based on management working capital forecast.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows. As at 31 December 2008, the Group has available unutilised overdraft and short-term bank loan facilities of approximately RMB98,000,000 (2007: RMB174,548,000).

4. FINANCIAL INSTRUMENTS – CONTINUED

Financial risk management objectives and policies – Continued

Liquidity risk **– Continued**

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 (including interest payments computed based on prevailing market rates at the balance sheet date) 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.

	Weighted average effective interest rate	0-30 days	31 to 90 days	91 to 180 days	181 to 365 days	1-2 years	Total undiscounted cash flows	Total carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2008								
Non-interest bearing trade and other payables	—	513,476	409,771	67,981	2,456	—	993,684	993,684
Variable interest rate bank borrowings	4.9	62,106	—	163,926	—	—	226,032	221,733
Fixed interest rate bank borrowings	5.6	—	—	25,584	39,107	58,100	122,791	112,000
		575,582	409,771	257,491	41,563	58,100	1,342,507	1,327,417
As at 31 December 2007								
Non-interest bearing trade and other payables	—	326,491	497,437	4,487	12,420	—	840,835	840,835
Fixed interest rate bank borrowings	7.5	—	—	30,548	—	—	30,548	30,000
		326,491	497,437	35,035	12,420	—	871,383	870,835

4. FINANCIAL INSTRUMENTS – CONTINUED

Fair value

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis 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. 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 bank borrowings disclosed in note 27) and equity attributable to equity holders of the Company, comprising issued share 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 raising of new debt or the repayment of existing debt. The Group's overall strategy remains unchanged from prior year.

6. 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 years. An analysis of the Group's revenue for the year is as follows:

	2008 **RMB'000**	2007 RMB'000
Sales of merchandise	**3,906,045**	3,295,857
Commissions from concessionaire sales (note)	**100,957**	86,097
	4,007,002	3,381,954

Note:

The commissions from concessionaire sales are analysed below:

	2008 **RMB'000**	2007 RMB'000
Gross proceeds received from concessionaire sales	**756,022**	672,276
Commissions from concessionaire sales	**100,957**	86,097

7. 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.

8. OTHER INCOME

	2008	2007
	RMB'000	RMB'000
Promotion income	**166,106**	139,562
Rental income from leasing of shop premises	**141,592**	106,464
Government subsidies *(note a)*	**16,404**	16,695
Interest income on bank deposits	**6,994**	10,504
Interest income on amount due from a related company *(note 34)*	**—**	607
Indemnity income *(note b)*	**883**	7,713
Net exchange gain	**—**	7,425
Others	**4,695**	4,836
	336,674	293,806

Notes:

(a) The amounts represent subsidies received from 南通經濟技術開發區財政局 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) For the year ended 31 December 2007, the amount of indemnity income included compensation received from certain landlords for early termination of leases amounting to RMB6.5 million which were determined in accordance with the terms of respective lease agreements.

9. OTHER EXPENSES

The amount represented 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 as an deduction from equity to the extent they are directly attributable to the issuing of new shares. The remaining costs were recognised as an expense when incurred.

10. FINANCE COSTS

	2008 RMB'000	2007 RMB'000
Interests on		
- bank borrowings wholly repayable within five years	**5,978**	14,446
- amount due to a fellow subsidiary wholly repayable within five years *(note 34)*	**—**	833
- amount due to a related company wholly repayable within five years *(note 34)*	**—**	386
	5,978	15,665

11. TAXATION

	2008 RMB'000	2007 RMB'000
The charge comprises PRC Enterprise Income Tax:		
Current taxation	**57,597**	64,071
Deferred tax charge (credit) *(note 21)*		
Current year	**3,120**	(3,417)
Attributable to a change in tax rate	**—**	1,535
	3,120	(1,882)
	60,717	62,189

PRC Enterprise Income Tax is calculated at a tax rate of 25% (2007: 33%), which is the prevailing tax rate in the PRC.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. Under the New Law and Implementation Regulations, the PRC Enterprise Income Tax rate was reduced from 33% to 25% from 1 January 2008 onwards. As at 31 December 2007, the deferred tax balance had been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset was realised.

No Hong Kong Profits Tax is provided for both years ended 31 December 2008 and 2007 as the Group's income neither arises in, nor is derived from, Hong Kong.

11. TAXATION – CONTINUED

The tax charge for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2008	2007
	RMB'000	RMB'000
Profit before taxation	**198,023**	146,844
Taxation at the domestic income tax rate of 25% (2007: 33%)	**49,506**	48,458
Tax effect of expenses not deductible for tax purpose	**11,387**	16,037
Tax effect of income not taxable for tax purpose	**(2,324)**	(3,841)
Withholding tax on undistributed earnings of a subsidiary *(note 21)*	**2,148**	—
Decrease in opening deferred tax asset resulting from a decrease in the domestic income tax rate	**—**	1,535
Taxation for the year	**60,717**	62,189

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

12. PROFIT FOR THE YEAR

	2008	2007
	RMB'000	RMB'000
Profit for the year has been arrived at after charging:		
Auditor's remuneration	**2,137**	2,856
Cost of inventories recognised as expense	**3,336,569**	2,826,059
Depreciation of property, plant and equipment	**73,111**	59,593
Net exchange loss (included in administrative expenses)	**3,820**	—
Operating lease rentals in respect of rented land and premises (included in selling and distribution costs)	**168,462**	142,282
Prepaid lease payments charged to profit and loss	**7,754**	5,338
Loss on disposal of property, plant and equipment	**1,304**	729
Staff costs:		
Directors' remuneration *(note 13)*	**1,296**	671
Salaries and other benefits	**214,289**	177,532
Retirement benefits scheme contributions	**24,194**	15,677
	239,779	193,880

13. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the 7 (2007: 7) directors were as follows:

	Executive directors				Independent non-executive directors			
	Mr. Fang Hung, ("Mr. Kenneth Fang") RMB'000	Mr. Gao Chunhe RMB'000	Mr. Fang Yan Tak, ("Mr. Douglas Fang") RMB'000	Mr. Wong See Leung RMB'000	Mr. Chan Wing Kee RMB'000	Mr. Ting Woo Shou Kenneth RMB'000	Mr. Lau Yuen Sun, Adrian RMB'000	Total RMB'000
2008								
Fees	**—**	**295**	**182**	**273**	**182**	**182**	**182**	**1,296**
2007								
Fees	—	155	90	135	97	97	97	671

During both years, 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.

14. EMPLOYEES' EMOLUMENTS

All the five individuals with the highest emoluments in 2008 and 2007 were employees of the Group. The emoluments of the five individuals were as follows:

	2008 RMB'000	2007 RMB'000
Salaries and other benefits	**7,028**	1,781

The emolument of each of the individuals was within the following bands:

Nil up to HK$1,000,000.	**4**	5
HK$4,500,001 to HK$5,000,000	**1**	—

15. DIVIDENDS

	2008	2007
	RMB'000	RMB'000
Dividends recognised as distribution during the year	**26,045**	—
Dividends proposed	**41,515**	26,045

The final dividend of HK5.4 cents, equivalent to RMB4.75 cents (2007: HK$3.18 cents, equivalent to RMB2.98 cents) per share, has been proposed by the directors and is subject to approval by the shareholders in general meeting.

16. EARNINGS PER SHARE

The calculation of the basic earnings per share for each of the two years ended 31 December 2008 and 2007 is based on the consolidated profit for the respective years and on 873,990,000 shares and 743,591,096 shares respectively.

	2007
Number of shares of the year ended 31 December 2007 represents:	
Shares arising from Corporate Reorganisation *(Note)*	631,800,000
Weighted average number of ordinary shares issued on public floatation and exercise of over allotment option	111,791,096
Weighted average number of ordinary shares for the purpose of basic earnings per share	743,591,096

Note: The number of shares for the purpose of calculating basic earnings per share for the year ended 31 December 2007 is based on the assumption that the 50,000,000 shares issued and outstanding upon Corporate Reorganisation had been outstanding as at beginning of the year ended 31 December 2007 and also has been adjusted for the 581,800,000 shares issued pursuant to the capitalisation issue as disclosed in note 28(e).

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

17. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress RMB'000	Leasehold land and buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
COST						
At 1 January 2007	—	—	261,478	309,118	9,981	580,577
Additions	25,146	3,783	55,780	86,287	1,941	172,937
Acquired on acquisition of assets *(note 33)*	—	177,101	—	15,017	—	192,118
Disposals	—	—	(6,021)	(9,518)	(694)	(16,233)
At 31 December 2007	25,146	180,884	311,237	400,904	11,228	929,399
Additions	75,597	192,973	57,534	94,868	1,182	422,154
Transfers	(98,730)	98,730	—	—	—	—
Disposals	—	—	—	(11,322)	(1,170)	(12,492)
At 31 December 2008	**2,013**	**472,587**	**368,771**	**484,450**	**11,240**	**1,339,061**
DEPRECIATION						
At 1 January 2007	—	—	81,884	134,371	4,599	220,854
Charge for the year	—	4,406	21,986	31,809	1,392	59,593
Eliminated on disposals	—	—	(6,021)	(8,291)	(505)	(14,817)
At 31 December 2007	—	4,406	97,849	157,889	5,486	265,630
Charge for the year	—	6,229	26,213	39,285	1,384	73,111
Eliminated on disposals	—	—	—	(9,904)	(782)	(10,686)
At 31 December 2008	**—**	**10,635**	**124,062**	**187,270**	**6,088**	**328,055**
CARRYING VALUES						
At 31 December 2008	**2,013**	**461,952**	**244,709**	**297,180**	**5,152**	**1,011,006**
At 31 December 2007	25,146	176,478	213,388	243,015	5,742	663,769

17. PROPERTY, PLANT AND EQUIPMENT – CONTINUED

The above items of property, plant and equipment (other than construction in progress) are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and 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%

The Group is in the process of obtaining a land use right certificate for a medium-term leasehold land included in leasehold land and buildings. The leasehold land is included in property, plant and equipment as the allocation between the land and buildings elements cannot be made reliably. The aggregate carrying value of the relevant land and buildings is RMB58,862,000 (2007: Nil).

18. PREPAID LEASE PAYMENTS

	2008	2007
	RMB'000	RMB'000
The Group's prepaid lease payments comprise:		
Leasehold land located in the PRC under medium-term leases	**324,942**	275,296
Analysed for reporting purposes as:		
Current assets	**8,989**	7,572
Non-current assets	**315,953**	267,724
	324,942	275,296

As at 31 December 2008, the Group is in the process of obtaining a land use right certificate for leasehold interest in a piece of land with a carrying amount of RMB53,600,000 (2007: nil).

19. PREPAID LEASE RENTALS

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

20. DEPOSITS FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT AND LEASEHOLD LAND

	2008 RMB'000	2007 RMB'000
Deposits for acquisition of:		
Property, plant and equipment	**20,489**	19,764
Leasehold land	**184,249**	10,720
	204,738	30,484

21. DEFERRED TAXATION

The following are the major deferred tax assets (liability) recognised by the Group and movement thereon, during the current and prior years:

	Deferred tax assets		Deferred tax liability	
	Temporary difference arising from pre-operating expenses RMB'000	Temporary difference arising from accruals not deductible for tax purpose RMB'000	Temporary difference arising from undistributed earnings of a PRC subsidiary RMB'000 (Note)	Total RMB'000
At 1 January 2007	8,445	—	—	8,445
Credit to consolidated income statement for the year	773	2,644	—	3,417
Effect of change in tax rate	(1,535)	—	—	(1,535)
At 31 December 2007	7,683	2,644	—	10,327
Credit (charge) to consolidated income statement for the year *(note 11)*	1,672	(2,644)	(2,148)	(3,120)
At 31 December 2008	**9,355**	**—**	**(2,148)**	**7,207**

21. DEFERRED TAXATION – CONTINUED

Note: Under the New Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. No deferred taxation has been provided for in the consolidated financial statements in respect of temporary differences relating to the undistributed profits of certain PRC subsidiaries amounting to approximately RMB10,533,000 (2007: nil) as the Company controls the dividend policy of these subsidiaries and it is probable that the profits will not be distributed in the foreseeable future.

The following is the analysis of deferred tax balances for financial reporting purpose:

	2008	2007
	RMB'000	RMB'000
Deferred tax asset	**9,355**	10,327
Deferred tax liability	**(2,148)**	—
	7,207	10,327

As at 31 December 2008 and 2007, the Group had no other significant unprovided deferred taxation.

22. INVENTORIES

	2008	2007
	RMB'000	RMB'000
At cost:		
Merchandise for resale	**727,140**	559,840
Consumables	**14,630**	14,952
	741,770	574,792

23. 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 aged analysis of trade receivables at the balance sheet dates:

	2008	2007
	RMB'000	RMB'000
0 - 30 days	**7,806**	6,132
31 - 60 days	**734**	1,439
61 - 90 days	**—**	93
Over 90 days	**69**	—
Total trade receivables	**8,609**	7,664
Prepayments, deposits and other receivables	**163,481**	101,596
Total trade and other receivables	**172,090**	109,260

Prepayments, deposits and other receivables mainly include value added tax receivables of RMB116,758,000 (2007: RMB87,940,000).

None of the Group's trade and other receivables was past due or impaired at the balance sheet dates.

24. PLEDGED BANK DEPOSITS

The pledged bank deposits carry average effective interest rates of 0.36% (2007: 0.72%) per annum. All pledged bank deposits will be released upon the settlement of relevant bills payable included in trade and other payables and are therefore classified as current assets.

25. BANK BALANCES AND CASH

Bank balances comprise bank deposits held by the Group with an original maturity of three months or less. As at 31 December 2008, bank balances of approximately RMB11,884,000 (2007: RMB155,639,000) were denominated in Hong Kong dollar. These balances carried interest at an average interest rate of 1.2% (2007: 3.3%) per annum. The remaining balance of approximately RMB354,254,000 (2007: RMB324,927,000) carried interest rates ranged from 0.36% to 1.35% (2007: 0.72% to 1.71%) per annum.

26. TRADE AND OTHER PAYABLES

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

	2008	2007
	RMB'000	RMB'000
0 - 30 days	**416,365**	343,219
31 - 60 days	**225,051**	214,752
61 - 90 days	**82,502**	73,473
Over 90 days	**95,213**	69,942
Total trade and bills payable	**819,131**	701,386
Other payables, deposits and accrued charges	**706,547**	457,714
Total trade and other payables	**1,525,678**	1,159,100

Other payables, deposits and accrued charges mainly include advances from customers of RMB469,844,000 (2007: RMB312,262,000).

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

	2008	2007
	RMB'000	RMB'000
Secured by pledged bank deposits *(Note 24)*	**11,875**	4,835
Unsecured	**11,875**	4,836
	23,750	9,671

27. BANK BORROWINGS

	2008 RMB'000	2007 RMB'000
Unsecured	**333,733**	30,000
Carrying amount repayable:		
On demand or within one year	**283,733**	30,000
More than two years, but not more than five years	**50,000**	—
	333,733	30,000
Less: Amounts due within one year shown under current liabilities	**(283,733)**	(30,000)
	50,000	—

As at 31 December 2008, the Group had variable-rate bank borrowings of approximately RMB61,733,000 (2007: nil) denominated in Hong Kong dollar, which carried interest rate of Hong Kong Interbank Offered Rate plus 0.75%. The remaining variable-rate bank borrowings of RMB160,000,000 (2007: nil) were denominated in Renminbi and bore interest rates ranging from 4.8% to 7.5% per annum.

As at 31 December 2008, the Group also had fixed-rate bank borrowings denominated in Renminbi of approximately RMB112,000,000 (2007: RMB30,000,000), which carried average fixed interest rates ranging from 5.2% to 6.1% (2007: 7.5%) per annum.

28. SHARE CAPITAL

	Number of shares '000	Share capital HK$'000	RMB'000
Ordinary shares of HK$0.01 each			
Authorised:			
On date of incorporation *(note a)*	10,000	100	—
Increase on 26 June 2007 *(note b)*	1,490,000	14,900	—
At 31 December 2007 and 2008	**1,500,000**	**15,000**	**—**
Issued and fully paid:			
1 share allotted and issued nil paid on date of incorporation *(note a)*	—	—	—
Issue of shares on Corporate Reorganisation *(note c)*	50,000	500	485
Issued on public flotation *(note d)*	210,600	2,106	2,043
Issued by capitalisation of the share premium account *(note e)*	581,800	5,818	5,643
Exercise of over allotment option *(note f)*	31,590	316	307
At 31 December 2007 and 2008	**873,990**	**8,740**	**8,478**

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) 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.

(e) 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.

(f) 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.

29. 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:

	2008	2007
	RMB'000	RMB'000
Within one year	**127,538**	73,492
In the second to fifth year inclusive	**806,110**	796,991
Over five years	**2,780,932**	2,775,379
	3,714,580	3,645,862

Operating lease payments represent rentals payable by the Group for its shop and office premises. Leases are negotiated and rentals are fixed for average lease term of 16 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:

	2008	2007
	RMB'000	RMB'000
Within one year	**100,670**	77,705
In the second to fifth year inclusive	**93,808**	84,154
Over five years	**33,258**	28,867
	227,736	190,726

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

30. CAPITAL COMMITMENTS

	2008 RMB'000	2007 RMB'000
Capital expenditure in respect of the acquisition of property, plant and equipment and leasehold land contracted for but not provided in the consolidated financial statements	**84,438**	98,725
Capital expenditure in respect of the acquisition of property, plant and equipment authorised but not contracted for	**—**	9,857

31. 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 two years are disclosed in note 12.

32. 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.

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.

33. ACQUISITION OF ASSETS

The Group acquired certain properties through purchase of the entire equity interest of the following companies ("Acquired Companies") during the year ended 31 December 2007.

Name of company	Meili International Limited ("Meili International")	Hong Fung Limited ("Hong Fung")	Waho (China) Limited ("Waho")	East Fine Enterprise Limited ("East Fine")	Wealthland Corporation Limited ("Wealthland")	Goldwell Corporation Limited ("Goldwell")	淄博奔達置業有限公司（「淄博奔達」）	Total
Date of acquisition	6 March 2007	8 March 2007	12 March 2007	8 March 2007	8 March 2007	8 March 2007	26 September 2007	
Seller	Trueway Investment Limited *(notes 1 & 3)*	Mr. Woo Lap Fu *(note 2)*	Mr. Douglas Fang *(note 3)*	Mr. Kenneth Fang *(note 3)*	Mr. Kenneth Fang *(note 3)*	Mr. Kenneth Fang *(note 3)*	淄博滙澤房地產開發有限公司	
Consideration:								
In RMB ('000)	18,198	23,208	7,013	64,843	—	10,475	32,982	156,719
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	54,222	254,104
Deposits paid for acquisition of property, plant and equipment	—	5,400	—	—	—	—	—	5,400
	34,675	96,589	31,985	155,012	25,363	53,776	54,222	451,622
Current assets								
Prepaid lease payments	430	884	679	3,108	546	229	1,391	7,267
Other receivables	5	5,379	28	23	5	10	12,060	17,510
Amounts due from related companies	—	20,126	—	—	—	—	—	20,126
Bank balance and cash	231	4,568	1,192	2,497	512	1,676	19,779	30,455
	666	30,957	1,899	5,628	1,063	1,915	33,230	75,358
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)	(54,458)	(200,431)
Other payables	(9,338)	(18,296)	(10)	(3,193)	(10)	(243)	(12)	(31,102)
Tax payable	—	(300)	(92)	(240)	—	(101)	—	(733)
	(17,143)	(104,338)	(26,871)	(95,797)	(26,426)	(45,216)	(54,470)	(370,261)
Net assets	18,198	23,208	7,013	64,843	—	10,475	32,982	156,719

33. ACQUISITION OF ASSETS – CONTINUED

Notes:

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

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

(3) Mr. Douglas Fang and Mr. Kenneth Fang, are the directors of the Company.

The net cash used in acquisition of assets (net of cash and cash equivalents acquired) amounted to approximately RMB126,264,000.

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

34. RELATED PARTY TRANSACTIONS

During the years, the Group had entered into the following significant transactions with related parties:

	2008	2007
	RMB'000	RMB'000
Sales to Nantong Times Property Co., Ltd ("Nantong Times") *(note a)*	**97,214**	91,659
Supply of marketing materials to Nantong Times *(note a)*	**925**	1,024
Purchases from 南通中誠實業有限公司（「南通中誠」） *(note a)*	**—**	190
Management fee paid to 南通輝騰有限公司（「南通輝騰」） *(note a)*	**400**	400
Facilities usage fee paid to 南通輝騰 *(note a)*	**600**	600
Rentals paid to		
Meili International *(note b)*	**—**	167
Hong Fung *(note b)*	**—**	1,080
Waho *(note b)*	**—**	250
East Fine *(note b)*	**—**	1,266
Goldwell *(note b)*	**—**	467
南通輝騰 *(note a)*	**1,000**	1,000
Core Post Company Limited *(note a)*	**55**	34
	1,055	4,264
Interest paid to Hua Tai *(note a)*	**—**	833
Interest paid to 南通中誠 *(note a)*	**—**	386
Interest received from 南通德誠房地產有限公司 *(note a)*	**—**	607
Management fee received from Nantong Times *(note c)*	**194**	110

34. RELATED PARTY TRANSACTIONS – CONTINUED

Notes:

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

(b) These were related companies in which certain directors have controlling interest and were acquired by the Group during the year ended 31 December 2007. Details are set out in note 33.

(c) During the years ended 31 December 2008 and 2007, Jiangsu Times provided management and operation services to Nantong Times in respect of its supermarket ("Supermarket") located at 57 Ren Min Dong Lu, Nantong without charging any fee until 18 June 2007. On 18 June 2007, the Group and Nantong Times 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.

In March 2007, the Group acquired the Acquired Companies, excluding 淄博奔達, from the directors of the Company or an entity in which the directors of the Company has beneficial interest with a consideration in aggregate of approximately RMB123,737,000. Details are set out in note 33.

On 8 March 2007 and 20 July 2007, the Group acquired the entire issued share capital of Branda International Group Limited ("Branda International") and Fortune Trade Enterprises Investment Limited ("Fortune Trade") from the director of the Company at an aggregate consideration of US$2.

The directors of the Company considered that the executive directors and the five highest paid individuals are the key management of the Group, whose emoluments have been disclosed in notes 13 and 14 respectively.

35. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the Company's subsidiaries as at the balance sheet dates are as follows:

Name of the subsidiary	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Proportion of ownership interest attributable to the Group as at 31 December 2008	2007	Principal activities
Times Supermarket*	BVI	US$951	**100%**	100%	Investment holding
Swift Harvest	Hong Kong	HK$1	**100%**	100%	Investment holding
江蘇時代超市有限公司# Jiangsu Times	PRC	RMB472,000,000	**100%**	100%	Hypermarket and supermarket operations
Hong Fung	Hong Kong	HK$1	**100%**	100%	Investment holding
Waho	Hong Kong	HK$1	**100%**	100%	Investment holding
East Fine	Hong Kong	HK$1	**100%**	100%	Investment holding
Wealthland	Hong Kong	HK$1	**100%**	100%	Investment holding
Goldwell	Hong Kong	HK$1	**100%**	100%	Investment holding
Fortune Trade	BVI	US$1	**100%**	100%	Investment holding
Supreme Forum Limited	BVI	US$1	**100%**	100%	Investment holding
Wealth Concept Inc	BVI	US$1	**100%**	100%	Investment holding
Meili International	BVI	US$1	**100%**	100%	Investment holding
Branda International	BVI	US$1	**100%**	100%	Investment holding
Fine Spring Limited	Hong Kong	HK$1	**100%**	100%	Investment holding
Fine Port Limited	Hong Kong	HK$1	**100%**	100%	Investment holding
南通康豐置業有限公司# Nantong Kangfeng Properties Limited**	PRC	HK$84,000,000	**100%**	100%	Property investment
南通康豐倉儲有限公司# Nantong Kangfeng Storage Limited**	PRC	RMB10,000,000	**100%**	100%	Property investment

35. PARTICULARS OF SUBSIDIARIES OF THE COMPANY – CONTINUED

Name of the subsidiary	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Proportion of ownership interest attributable to the Group as at 31 December 2008	2007	Principal activities
諸暨德誠置業有限公司# Zhuji Decheng Properties Limited**	PRC	US$3,000,000	**100%**	100%	Property investment
南通耀東置業有限公司# Nantong Yaodong Properties Limited**	PRC	US$12,500,000	**100%**	100%	Property investment
南通富華置業有限公司# Nantong Fuhua Properties Limited**	PRC	HK$37,500,000	**100%**	100%	Investment holding
池州市富華置業有限公司# Chizho City Fuhua Properties Limited**	PRC	RMB37,000,000	**100%**	100%	Property investment
南通金優置業有限公司# Nantong Jinyou Properties Limited**	PRC	HK$45,000,000	**100%**	100%	Property investment
南通美林置業有限公司# Nantong Meili Properties Limited**	PRC	US$2,200,000	**100%**	100%	Property investment
南通奔達置業有限公司# Nantong Branda Properties Limited**	PRC	HK$52,000,000	**100%**	100%	Investment holding
南通輝港置業有限公司# Nantong Supreme Forum Properties Limited**	PRC	HK$50,000,000	**100%**	—	Property investment
南通春輝置業有限公司# Nantong Fine Spring Properties Limited**	PRC	HK$15,000,000	**100%**	—	Property investment

35. PARTICULARS OF SUBSIDIARIES OF THE COMPANY – CONTINUED

Name of the subsidiary	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Proportion of ownership interest attributable to the Group as at 31 December 2008	2007	Principal activities
姜堰市輝港置業有限公司# Jiangyan City Supreme Forum Properties Limited**	PRC	RMB23,470,000	**100%**	—	Property investment
南通富貿置業有限公司# Nantong Fortune Trade Properties Limited**	PRC	HK$41,000,000	**100%**	100%	Property investment
淄博奔達置業有限公司# Nantong Zibo Branda Properties Limited**	PRC	RMB3,000,000	**100%**	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 and limited liability enterprise registered in the PRC.

None of the subsidiaries had issued debt securities at the end of both years.

Financial Summary

RESULTS

	Year ended 31 December				
	2004	2005	2006	2007	**2008**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Turnover	1,982,626	2,353,564	2,828,645	3,381,954	**4,007,002**
Profit attributable to equity holders of the Company	46,086	56,129	77,558	84,655*	**137,306**

* *The profit attributable to equity holders of the Company for the year ended 31 December 2007 has been arrived at after deducting listing expenses of approximately RMB21,621,000. Excluding such non-recurring listing expenses, the profit attributable to equity holders of the Company would have been RMB106,276,000.*

ASSETS AND LIABILITIES

	As at 31 December				
	2004	2005	2006	2007	**2008**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Total assets	822,980	1,241,919	1,254,139	2,373,722	**3,147,488**
Total liabilities	749,325	1,166,328	1,206,526	1,213,294	**1,875,799**
Total equity	73,655	75,591	47,613	1,160,428	**1,271,689**

Note:

The Company was incorporated in the Cayman Islands on 15 March 2007 and became the holding company of the Group on 26 June 2007 as a result of a group reorganization as set out in the prospectus dated 29 June 2007 issued by the Company (the "Prospectus").

The results of the Group for each of the three years ended 31 December 2006 and the assets and liabilities of the Group as at 31 December 2004, 2005 and 2006 have been prepared on a combined basis as if the Group structure had been in existence throughout the years concerned and have been extracted from the Prospectus.