TIMES Ltd.
時代零售集團有限公司*

(incorporated in the Cayman Islands with limited liability)

Stock Code: 1832

Interim Report
2009

* For identification purpose only

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Times Ltd. ("Times" or the "Company"), I am pleased to present to our shareholders the results of Times and its subsidiaries (together, the "Group") for the six months ended 30 June 2009.

The Group continued to expand and upgrade its hypermarket network by opening two new hypermarkets and re-modelling 8 of our existing hypermarkets in the first half of 2009. During the period, one supermarket was closed upon the expiry of leasing agreement. As at 30 June 2009, we had a total of 66 retail stores, of which 53 were hypermarkets and 13 were supermarkets. Total gross floor area ("GFA") increased to approximately 903,000 square meters from 850,000 square meters as at 31 December 2008.

OPERATION RESULTS

As with other operators in the industry, our business was adversely affected by the overall unfavorable economic environment and the plummeting prices of certain merchandise of ours. We believe that it was right time in this unfavourable market condition for us to remodel some of our stores that should be upgraded to sustain long term competitiveness. The re-modelling of these stores also affected our business in the short term. During the period, our Group made every effort to promote its business and control its cost. As a result of our effort, revenue of the Group for the first half of 2009 grew to approximately RMB2,148.1 million from approximately RMB2,088.4 million recorded for the same period of 2008, representing a 2.9% year-on-year increase. Although, the net profit attributable to shareholders of the Company for the first half of 2009 decreased by 13.2% to approximately RMB77.5 million, compared with RMB89.3 million for the same period in 2008, we managed to maintain a stable earning before interest, tax, depreciation and amortisation of RMB160.2 million (first half of 2008: RMB160.6 million).

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2009 (first half of 2008: Nil).

OUTLOOK

Our outlook on both the economy of China and our business is positive. While the global economic uncertainties may last for a while, we see many positive indicators and believe that the situation is turning around. The economic stimulus measures introduced by the PRC government at the end of 2008 to boost domestic demand, drive economic growth and to improve the living standards and purchasing power of peasants start to take effect. Furthermore, on 10 June 2009, the executive meeting of the State Council confirmed in general terms the "Development plan for Jiangsu coastal area". The plan will accelerate the development of Jiangsu coastal area, especially the central cities of Lianyungang, Yancheng and Nantong. As an operator with more than 78% and 27% of its retail stores located in Jiangsu and the three coastal cities respectively, we believe that the plan will offer a growth opportunity.

We also believe that the strong economic growth in the PRC driven by domestic consumption demand and disposable income growth will continue to provide a positive retail environment in the long term. The Group will stay on-course with organic expansion plan by extending our hypermarket network and actively seeking merger and acquisition opportunities to enhance our market share and to sustain our long-term growth objective.

Looking ahead, we will inevitably face competition and other challenges. However, we are confident that with the Group's solid market positioning, focus on second and third tier cities, dynamic expansion plan and our relentless effort to enhance the operation efficiency, Times will continue to deliver outstanding value to its shareholders.

Finally 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, 15 September 2009

BUSINESS ENVIRONMENT

The financial crisis set off in 2008 continued to adversely impact on various economic entities in the first half of 2009. The PRC Gross Domestic Product (the “GDP”) growth in the first half of 2009 was 7.1%, representing a 3.3 percentage point decrease, compared to the 10.4% growth in the first half of 2008. Consumer price Index (the “CPI”) showed a 1.1% decrease in the first half of 2009. The retail sector in the PRC was inevitably adversely affected by the tough economic situation. Consumer Confidence Index (the “CCI”) dropped 25 points to 89 from 114 for the same period of 2008.

Business of hypermarkets and supermarkets was further hit by the plummeted prices of fresh food and groceries. As with other operators in the same industry, we saw a slowdown of revenue growth and a scale-back of profit margin in the first half of 2009. However, it is obvious that the under-performance of our Group (and other hypermarket / supermarket operators) in the first half of 2009 was due to circumstantial rather than structural factors.

We are encouraged to notice signs showing the economy in the PRC is recovering. Various economic stimulus measures start to take effect and consumer confidence is being restored. We remain optimistic on our business in the long run.

REVIEW OF OPERATIONS

In the first half of 2009, two hypermarkets occupying a total gross floor area (“GFA”) of approximately 52,000 square meters were opened and one hypermarket was closed for re-development. In addition, the re-modelling of 8 stores was completed. As at 30 June 2009, the Group operated 66 stores including 53 hypermarkets and 13 supermarkets occupying a total GFA of approximately 903,000 square meters. This compares with 62 stores including 45 hypermarkets and 17 supermarkets occupying a total GFA of approximately 725,000 square meters as at 30 June 2008. The decrease in the number of supermarkets was due to the closure of 4 supermarkets. Such action is consistent with the Group’s strategy of focusing on hypermarkets.

Our new distribution centre set up on a piece of self-owned land of 40,000 square meters has commenced operation on a trial basis to service all stores including hypermarkets since July 2009. This new distribution centre will gradually make contribution to operation and finance.

REVIEW OF RESULTS

For the first half of 2009, the Group's unaudited consolidated revenue amounted to approximately RMB2,148.1 million, increased by 2.9% from approximately RMB2,088.4 million recorded for the corresponding period of 2008. The growth in revenue was mainly attributable to the increased number of stores. For stores in full operation throughout the first half of 2008 and the first half of 2009, the average year-on-year same store sales recorded a negative growth at about -7.7%.

The Group's gross profit decreased slightly by 2.8% to RMB341.3 million from RMB351.0 million for the same period of 2008. Gross profit as a percentage of revenue decreased 0.9 percentage point to 15.9% (first half of 2008: 16.8%). This was mainly due to our much intensive and frequent promotion activities during this period to attract customer flow in the difficult economical environment.

Other income increased by 33.8% to approximately RMB202.4 million from approximately RMB151.2 million in the first half of 2008. Increase in other income was mainly due to (i) the 52.6% increase in promotion income to approximately RMB109.0 million from approximately RMB71.4 million in the same period of 2008; and (ii) the 17.7% increase in rental income from leasing of shop premises to approximately RMB80.6 million from approximately RMB68.5 million in the same period of 2008. The increase in promotion income was a result of our more intensive and frequent promotion activities. The continual increase in rental income reflects the success of our business model of integrating "Shopping Street" in our hypermarkets and supermarkets. Rental income for the first half of 2009 covered 82.9% (first half of 2008: 82.0%) of the total operating lease rental expense of approximately RMB97.2 million.

The selling and distribution costs increased by 17.2% to approximately RMB383.5 million from RMB327.1 million for the same period of 2008, which was in line with the increased number of hypermarkets. Attributing to our cost control, administration cost dropped to approximately RMB44.3 million from approximately RMB47.2 million for the same period of 2008.

With continued efforts and commitments, we managed to maintain the earnings before interest, tax, depreciation and amortisation at RMB160.2 million (first half of 2008: RMB160.6 million). Net profit attributable to the shareholders of the Company decreased by 13.2% to approximately RMB77.5 million from RMB89.3 million for the same period of 2008.

FUTURE PLANS

The Group's business will continue to focus on in the affluent second and third tier cities in Eastern China with high growth potentials to achieve organic expansion in these regions. The Group has also further confirmed sites for opening 17 additional hypermarkets, of which 6 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 by optimising the operation of our distribution center, upgrade product mix and enhance cost control in order to maximise operation efficiency.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2009 (first half of 2008: Nil).

CAPITAL EXPENDITURE

During the six months ended 30 June 2009, the Group spent approximately RMB51.3 million (first half of 2008: RMB82.9 million) on additions to property, plant and equipment and also paid RMB43.7 million (first half of 2008: RMB198.7 million) deposits for acquisition of property, plant and equipment and leasehold land in order to expand its retail network in the PRC.

In addition, the Group also acquired the entire interests in two companies established in the PRC for a total consideration of approximately RMB71.0 million. The major assets acquired were prepaid lease payments on leasehold land located in the PRC and bank balances.

LIQUIDITY AND FINANCIAL RESOURCES

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

The net cash from operating activities for the six months ended 30 June 2009 was approximately RMB11.1 million compared to the net cash used in operating activities of RMB16.4 million for the same period of last year.

As at 30 June 2009, the Group had bank balances and cash, mainly denominated in Renminbi, amounting to approximately RMB372.4 million (31 December 2008: RMB405.2 million). Bank borrowings amounted to approximately RMB481.0 million (31 December 2008: RMB333.7 million) carry prevailing market interest rates ranging from 1.96% to 6.14% per annum. Of the bank borrowings, RMB431.0 million is repayable within one year and the balance of RMB50.0 million is repayable between two and three years. Moreover, approximately RMB104.0 million denominated in Hong Kong dollar.

The gearing ratio, calculated as a ratio of bank borrowings to total equity, and current ratio as at 30 June 2009 were approximately 36.8% (31 December 2008: 26.2%) and 0.75 (31 December 2008: 0.79) respectively.

As at 30 June 2009, the Group had available unutilised overdraft and short-term bank loan facilities of approximately RMB164.8 million (31 December 2008: RMB98.0 million).

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 30 June 2009, the Group pledged bank deposits of approximately RMB12.2 million (31 December 2008: RMB12.0 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 30 June 2009, the Group did not have any significant contingent liabilities.

EMPLOYMENT AND REMUNERATION POLICY

At 30 June 2009, the Group had 12,635 employees. The remuneration package for the Group's employees is structured by reference to market and industry practice. Discretionary bonuses and other performance rewards are based on the performance of individual employees. In addition, the Company has adopted a share option scheme under which our staff may be granted options entitling them to subscribe for shares in the Company. In reviewing salary remuneration packages in the future, share options may be granted to certain members of the management team.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the period.

INTERESTS OF DIRECTORS

As at 30 June 2009, 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 of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were 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
Wong See Leung	Personal interest	291,000	0.03
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 30 June 2009, 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 30 June 2009, 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 30 June 2009, 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.

REVIEW OF INTERIM REPORT

The Audit Committee has reviewed the Group's interim report for the six months ended 30 June 2009. The Audit Committee comprises all of the three independent non-executive directors, namely Mr Chan Wing Kee, Mr Ting Woo Shou, Kenneth and Mr Lau Yuen Sun, Adrian. The interim financial information has also been reviewed by Deloitte Touche Tohmatsu, independent auditor of the Company.

CORPORATE GOVERNANCE

Compliance with Code on Corporate Governance Practices

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the six months ended 30 June 2009.

Compliance with Model Code

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all directors of the Company, all directors have confirmed that they had complied with the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transactions during the six months ended 30 June 2009.

Deloitte.
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TO THE BOARD OF DIRECTORS OF TIMES LTD.

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

INTRODUCTION

We have reviewed the interim financial information set out on pages 13 to 32, which comprise the condensed consolidated statement of financial position of Times Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 June 2009 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months period then ended and certain explanatory notes. The Main Board Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
15 September 2009

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2009

	NOTES	Six months ended 30.6.2009 RMB'000 (unaudited)	Six months ended 30.6.2008 RMB'000 (unaudited)
Revenue	3	**2,148,084**	2,088,394
Cost of sales		**(1,806,832)**	(1,737,413)
Gross profit		**341,252**	350,981
Other income	5	**202,351**	151,186
Selling and distribution costs		**(383,519)**	(327,116)
Administrative expenses		**(44,312)**	(47,224)
Finance costs		**(4,062)**	(870)
Profit before taxation		**111,710**	126,957
Taxation	6	**(34,169)**	(37,658)
Profit for the period and total comprehensive income for the period	7	**77,541**	89,299
Earnings per share			
Basic (RMB)	8	**0.089**	0.102

Condensed Consolidated Statement of Financial Position

At 30 June 2009

	NOTES	30.6.2009 *RMB'000* *(unaudited)*	31.12.2008 *RMB'000* *(audited)*
Non-current assets			
Property, plant and equipment	10	**1,151,678**	1,011,006
Prepaid lease payments		**408,192**	315,953
Prepaid lease rentals		**149,500**	169,058
Deposits for acquisition of property, plant and equipment and leasehold land		**69,667**	204,738
Deferred tax assets	11	**8,674**	9,355
		1,787,711	1,710,110
Current assets			
Inventories		**548,718**	741,770
Trade and other receivables	12	**204,276**	172,090
Prepaid lease payments		**10,867**	8,989
Prepaid lease rentals		**142,282**	97,289
Pledged bank deposits		**12,161**	12,026
Bank balances and cash		**372,397**	405,214
		1,290,701	1,437,378
Current liabilities			
Trade and other payables	13	**1,270,509**	1,525,678
Tax liabilities		**15,976**	14,240
Bank borrowings	14	**431,021**	283,733
		1,717,506	1,823,651
Net current liabilities		**(426,805)**	(386,273)
Total assets less current liabilities		**1,360,906**	1,323,837

At 30 June 2009

	NOTES	**30.6.2009**	31.12.2008
		RMB'000	*RMB'000*
		(unaudited)	*(audited)*
Capital and reserves			
Share capital		**8,478**	8,478
Reserves		**1,299,174**	1,263,211
Total equity		**1,307,652**	1,271,689
Non-current liabilities			
Bank borrowings	14	**50,000**	50,000
Deferred tax liability	11	**3,254**	2,148
		53,254	52,148
		1,360,906	1,323,837

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2009

	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 (Note c)	Accumulated profits RMB'000	Total RMB'000
At 1 January 2008 (audited)	8,478	940,390	25,004	7,191	7,481	53,877	118,007	1,160,428
Profit for the period and total comprehensive income for the period	–	–	–	–	–	–	89,299	89,299
Dividend paid *(note 9)*	–	–	–	–	–	–	(26,045)	(26,045)
Transfer to statutory surplus reserve	–	–	14,672	(7,191)	(7,481)	–	–	–
At 30 June 2008 (unaudited)	8,478	940,390	39,676	–	–	53,877	181,261	1,223,682
At 1 January 2009 (audited)	8,478	940,390	55,586	–	–	53,877	213,358	1,271,689
Profit for the period and total comprehensive income for the period	–	–	–	–	–	–	77,541	77,541
Dividend paid *(note 9)*	–	–	–	–	–	–	(41,578)	(41,578)
At 30 June 2009 (unaudited)	**8,478**	**940,390**	**55,586**	**–**	**–**	**53,877**	**249,321**	**1,307,652**

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 were non-distributable other than in liquidation. Such appropriation 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 were no longer required to 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 period ended 30 June 2008.

(c) The amount mainly represents the difference between the amount due to the then ultimate holding company, S.C. Fang & Sons Company Limited, as assigned in exchange for an issued share capital of a subsidiary of the Company, Times Supermarket Limited ("Times Supermarket"), and the nominal value of the share capital issued by the Times Supermarket pursuant to the corporate reorganisation.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2009

	NOTES	Six months ended 30.6.2009 RMB'000 (unaudited)	Six months ended 30.6.2008 RMB'000 (unaudited)
Increase in prepaid lease rentals		**(122,679)**	(86,367)
Other operating cash flows (net)		**133,730**	69,973
Net cash from (used in) operating activities		**11,051**	(16,394)
Investing activities			
Acquisition of assets	16	**(57,928)**	—
Purchases of property, plant and equipment	10	**(51,334)**	(82,890)
Deposits paid for acquisition of property, plant and equipment and leasehold land		**(43,667)**	(198,749)
Proceeds from disposal of property, plant and equipment	10	**363**	70
Other investing cash flows (net)		**7,050**	(1,459)
Net cash used in investing activities		**(145,516)**	(283,028)
Financing activities			
Dividends paid	9	**(41,578)**	(26,045)
New bank borrowings raised	14	**302,288**	55,000
Repayment of bank borrowings	14	**(155,000)**	(30,000)
Other financing cash flows (net)		**(4,062)**	(870)
Net cash from (used in) financing activities		**101,648**	(1,915)
Net decrease in cash and cash equivalents		**(32,817)**	(301,337)
Cash and cash equivalents at beginning of period		**405,214**	521,592
Cash and cash equivalents at end of period, represented by bank balances and cash		**372,397**	220,255

1. BASIS OF PREPARATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost convention.

In current period, the Group has applied a number of new or revised standards, amendments and interpretations that are effective for the financial year beginning on 1 January 2009. Except as described below, the same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2008.

HKFRS 8 Operating segments

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments (see note 4) and has had no impact on the reported results or financial position of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES – Continued

HKAS 1 (revised 2007) Presentation of financial statements

HKAS 1 (revised 2007) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (revised 2007) has had no impact on the reported results or financial position of the Group.

HKAS 23 (Revised) Borrowing costs

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. As the Group expensed all borrowing costs as incurred in prior periods, the revised standard has resulted a change in the Group's accounting policy in current interim period. In accordance with the transitional provisions in the revised standard, the Group applies the revised standard on a prospective basis to capitalise approximately RMB4,272,000 borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009. Had the previous accounting policy been applied, the borrowing costs would have been expensed. Therefore, the change in accounting policy has resulted in an increase in the profit for the period of approximately RMB4,272,000.

2. SIGNIFICANT ACCOUNTING POLICIES – Continued

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements[1]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised 2008)	Business Combinations[1]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC)-Int 18	Transfers of Assets from Customers[4]

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

2 Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.

3 Effective for annual periods beginning on or after 1 January 2010.

4 Effective for transfers on or after 1 July 2009.

The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in loss of control of the subsidiary. Changes in the Group's ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions. The directors of the Company anticipate that the application of other new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. REVENUE

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

	Six months ended	
	30.6.2009	30.6.2008
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Sales of merchandise	**2,096,577**	2,036,780
Commissions from concessionaire sales *(Note)*	**51,507**	51,614
	2,148,084	2,088,394

Note:

The commissions from concessionaire sales are analysed below:		
Gross proceeds received from concessionaire sales	**394,453**	387,427
Commissions from concessionaire sales	**51,507**	51,614

4. SEGMENT INFORMATION

HKFRS 8 "Operating Segments", with effect from 1 January 2009, requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Group's executive directors are the chief operating decision makers as they collectively make strategic decisions towards the Group's operation. In contrast, the predecessor standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segment (business and geographical), using a risks and rewards approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments.

No segmental analysis was presented in prior years as the Group is principally engaged in the retail business through the operation of retail stores in the PRC and nearly all identifiable assets of the Group are located in the PRC.

For the purpose of resources allocation and performance assessment, the Group's executive directors review operating results and financial information on a store by store basis. Each store is identified as an operating segment in accordance with HKFRS 8. As each store is operating in similar business model, selling similar products and subject to a similar target group of customers, the Group's operating segments are aggregated into a single reportable segment and accordingly no separate segment information is presented.

5. OTHER INCOME

	Six months ended	
	30.6.2009	30.6.2008
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Rental income from leasing of shop premises	**80,585**	68,488
Government subsidies *(Note)*	**1,435**	2,976
Promotion income	**108,988**	71,416
Interest income on bank deposits	**7,187**	5,801
Indemnity income	**415**	413
Others	**3,741**	2,092
	202,351	151,186

Note: The amounts represent subsidies received from the PRC government for the purpose of encouraging the Group to expand its retailing business. There are no conditions attached to the subsidies granted to the Group.

6. TAXATION

	Six months ended	
	30.6.2009	30.6.2008
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
The charge comprises:		
PRC Enterprise Income Tax – current taxation	**32,382**	35,327
Deferred tax charge – current period *(note 11)*	**1,787**	2,331
	34,169	37,658

PRC Enterprise Income Tax is calculated at a tax rate of 25%, which is the prevailing tax rate in the PRC, for the current and prior periods.

7. PROFIT FOR THE PERIOD

	Six months ended	
	30.6.2009	30.6.2008
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	**47,047**	34,767
Operating lease rentals in respect of rented land and premises	**97,244**	83,475
Prepaid lease payments charged to profit and loss	**4,526**	3,768
Loss on disposal of property, plant and equipment	**650**	172
Staff costs including directors' remuneration	**131,642**	107,370
Net exchange loss	**137**	2,527

8. EARNINGS PER SHARE

The calculation of the basic earnings per share for each of the period ended 30 June 2009 and 2008 is based on the condensed consolidated profit for the respective periods and on the basis of 873,990,000 shares of the Company in issue during both periods.

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

9. DIVIDENDS

	Six months ended	
	30.6.2009	30.6.2008
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Dividend recognised as distribution and paid during the periods:		
2008 final dividend paid - HK5.4 cents per ordinary share (equivalents to RMB4.75 cents)	**41,578**	—
2007 final dividend paid - HK3.18 cents per ordinary share (equivalents to RMB2.98 cents)	**—**	26,045
	41,578	26,045

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: nil).

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB51,300,000 (six months ended 30 June 2008: RMB82,900,000) on additions to property, plant and equipment, for the purpose of expanding its retail networks in the PRC.

In addition, the Group disposed of certain plant and equipment with a carrying amount of RMB1,013,000 (six months ended 30 June 2008: RMB242,000) for proceeds of RMB363,000 (six months ended 30 June 2008: RMB70,000), resulting in a net loss on disposal of RMB650,000 (six months ended 30 June 2008: RMB172,000).

11. DEFERRED TAXATION

The followings are the major deferred tax assets (liability) recognised by the Group and movement thereon, during the current and prior periods.

	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 2008 (audited)	7,683	2,644	—	10,327
Credit (charge) to condensed consolidated statement of comprehensive income	313	(2,644)	—	(2,331)
At 30 June 2008 (unaudited)	7,996	—	—	7,996
Credit (charge) to condensed consolidated statement of comprehensive income	1,359	—	(2,148)	(789)
At 31 December 2008 (audited)	9,355	—	(2,148)	7,207
Charge to condensed consolidated statement of comprehensive income	(681)	—	(1,106)	(1,787)
At 30 June 2009 (unaudited)	**8,674**	**—**	**(3,254)**	**5,420**

11. DEFERRED TAXATION – Continued

Note: Under the New Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. No deferred taxation has been provided for in the condensed consolidated financial statements in respect of temporary differences relating to the undistributed profits of certain PRC subsidiaries amounting to approximately RMB13,500,000 (31 December 2008: RMB10,533,000) 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.

As at 30 June 2009 and 31 December 2008, the Group had no significant unprovided deferred taxation.

12. 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 end of the reporting periods:

	30.6.2009	31.12.2008
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
0 - 30 days	**12,342**	7,806
31 - 60 days	**2,944**	734
61 - 90 days	**200**	—
Over 90 days	**50**	69
Total trade receivables	**15,536**	8,609
Prepayments, deposits and other receivables	**188,740**	163,481
Total trade and other receivables	**204,276**	172,090

13. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade and bills payables at the end of the reporting periods:

	30.6.2009	31.12.2008
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
0 - 30 days	**291,330**	416,365
31 - 60 days	**174,826**	225,051
61 - 90 days	**61,632**	82,502
Over 90 days	**91,215**	95,213
Total trade and bills payables	**619,003**	819,131
Other payables, deposits and accrued charges	**651,506**	706,547
Total trade and other payables	**1,270,509**	1,525,678

Trade and other payables principally comprise amounts outstanding for trade purposes and ongoing costs.

14. BANK BORROWINGS

During the period, the Group obtained new bank loans amounting to approximately RMB302,288,000 and repaid approximately RMB155,000,000. The loans carry prevailing market interest rates ranging from 1.96% to 6.14% per annum. The proceeds were used to finance the acquisition of property, plant and equipment and leasehold land.

15. CAPITAL COMMITMENTS

At the end of the reporting periods, the Group was committed to capital expenditure in respect of acquisition of property, plant and equipment and leasehold land.

	30.6.2009	31.12.2008
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Contracted for but not provided	**30,061**	84,438

Apart from the above commitment, the Group entered into a co-operation agreement dated 27 May 2009 ("Co-operation Agreement") with Shanghai Liansen Industrial (Group) Co., Ltd ("Shanghai Liansen"), an independent third party, in relation to the acquisition of 100% equity interest in Lianyunggang Yixiang Properties Co., Ltd ("Lianyunggang Yixiang") for a cash consideration of approximately RMB130 million. The acquisition is made for the purpose of purchase the interest in a hypermarket in the PRC, which is the principal asset of Lianyunggang Yixiang.

At 30 June 2009, approximately RMB11 million was paid to Shanghai Liansen and included in the deposits for acquisition of property, plant and equipment and leasehold land. The remaining amount of RMB119 million will be settled in several instalments until the relevant registrations and procedures for the transfer of registered capital are completed.

At the date of this report, the above acquisition has not yet been completed.

16. ACQUISITION OF ASSETS

During the period, the Group acquired the entire interests in 姜堰市廣源置業有限公司 (Jiangyin City Guangyuan Property Co., Ltd.) and 興化市百昌置業有限公司 (Xinghua City Baichang Property Co., Ltd.) at considerations of approximately RMB63,000,000 and RMB8,000,000 respectively. The major assets acquired were prepaid lease payments on leasehold land located in the PRC and bank balances. Other assets and liabilities acquired were insignificant. The acquisition is accounted as acquisition of assets.

The net cash used in the acquisition of assets (net of cash and cash equivalents acquired) amounted to approximately RMB57,928,000.

17. RELATED PARTY TRANSACTIONS

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

	Six months ended	
	30.6.2009	30.6.2008
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Sales to Nantong Times Property Co., Ltd. ("Nantong Times") *(Note a)*	**54,970**	52,288
Supply of marketing materials to Nantong Times *(Note a)*	**283**	579
Management fee paid to 南通輝騰置業有限公司 (「南通輝騰」) *(Note a)*	**200**	200
Facilities usage fee paid to 南通輝騰 *(Note a)*	**300**	300
Rentals paid to 南通輝騰 *(Note a)*	**500**	500
Management fee received from Nantong Times *(Note a and b)*	**118**	105
Key management compensation *(Note c)*	**3,135**	2,627

17. RELATED PARTY TRANSACTIONS – Continued

Notes:

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

(b) During the periods ended 30 June 2009 and 2008, the Group provided management and operation services to Nantong Times in respect of its supermarket ("Supermarket") located at 57 Ren Min Dong Lu, Nantong at a fee of 0.2% of the total turnover of the Supermarket.

(c) The remuneration of directors and key executives were determined by the remuneration committee having regard to the performance of individuals and market trends.