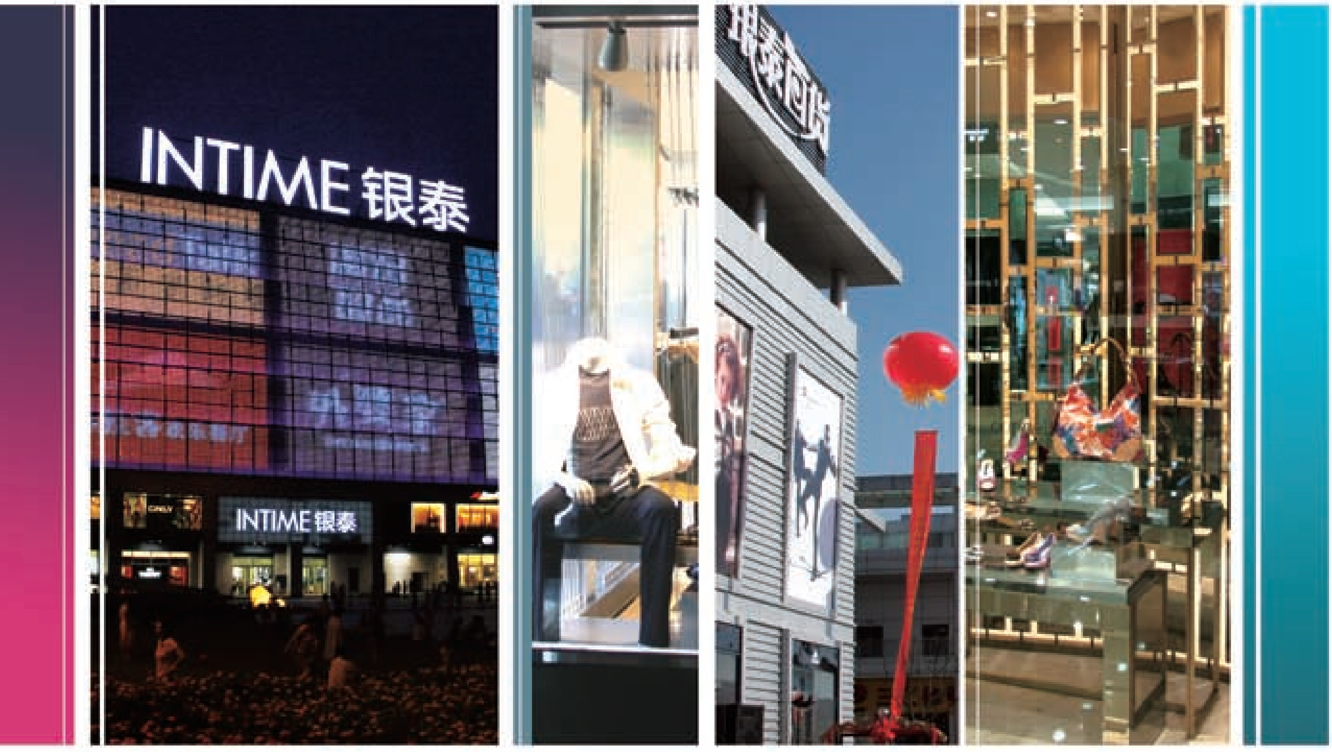

2009

INTERIM REPORT

INTIME 银泰

Intime Department Store (Group) Company Limited

銀泰百貨(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1833

Contents

Corporate Profile

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

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

The Group currently operates and manages a total of 18 department stores, including 13 department stores located in the principal cities within Zhejiang province, 4 department stores located in the Hubei province, and 1 store located in Shaanxi province. The Group has become the largest department store chain in Zhejiang province in terms of sales. In terms of sales per square meter, the operating results of the Group's flagship Hangzhou Wulin store outperform its peers within Zhejiang province. In January 2008, the Group signed a management contract with Baida to manage the Baida department store, located next to its flagship Hangzhou Wulin store, from 1 March 2008 to 28 February 2028.

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

Corporate Information

BOARD OF DIRECTORS

Executive Directors:

SHEN Guojun (Chairman)
CHING Siu Leung

Non-Executive Directors

XIN Xiangdong
LI Hui, David

Independent Non-Executive Directors

CHOW Joseph
SHI Chungui
YU Ning

REGISTERED OFFICE

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

HEAD OFFICE

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

CHOW Hok Lim *FCCA, CPA*

AUTHORIZED REPRESENTATIVES

CHING Siu Leung
CHOW Hok Lim

AUDIT COMMITTEE

CHOW Joseph (Chairman)
LI Hui, David
YU Ning

REMUNERATION COMMITTEE

LI Hui, David (Chairman)
SHI Chungui
YU Ning

NOMINATION COMMITTEE

LI Hui, David (Chairman)
SHI Chungui
CHOW Joseph

STRATEGIC DEVELOPMENT COMMITTEE

SHEN Guojun (Chairman)
LI Hui, David

LEGAL ADVISERS TO HONG KONG LAW

Orrick, Herrington & Sutcliffe
43rd Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

Corporate Information

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

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

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

AUDITORS

Ernst & Young
Certified Public Accountants

STOCK CODE

1833

Interim Condensed Consolidated Income Statement

For the six months ended 30 June 2009

	Notes	For the six months ended 30 June 2009 (Unaudited) RMB'000	2008 (Unaudited & restated) RMB'000
Revenue	3	**722,164**	560,531
Other income and gains	4	**126,666**	104,103
Purchases of goods and changes in inventories		**(131,094)**	(99,466)
Staff costs		**(97,021)**	(66,668)
Depreciation and amortization		**(81,259)**	(51,425)
Other expenses		**(262,037)**	(167,113)
Finance costs	6	**(34,355)**	(33,217)
Gain on receipt of cash and shares in a listed company		**–**	80,545
Share of profits and losses of:			
Jointly-controlled entities		**(28,610)**	(5,358)
Associates		**42,428**	29,445
Profit before tax	5	**256,882**	351,377
Tax	7	**(50,131)**	(55,293)
Profit for the period		**206,751**	296,084
Attributable to:			
Equity holders of the parent		**210,388**	299,285
Minority interests		**(3,637)**	(3,201)
		206,751	296,084
Interim dividends	8	**175,020**	–
Earnings per share attributable to equity holders of the parent (expressed in RMB per share)			
Basic			
– For profit for the period	9	**0.12**	0.17
Diluted			
– For profit for the period	9	**0.12**	0.17

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2009

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Profit for the period	**206,751**	296,084
Other comprehensive income:		
Available-for-sale investments		
Change in fair value of available-for-sale investments		
– Group	**81,295**	(390,277)
– Associate	**147**	(511)
Reversal of previously recognized fair value changes on available-for-sale investments upon transfer to interest in an associate	**–**	(532,300)
Disposal of available-for -sale investments	**(13,805)**	(43,093)
Exchange differences on translation of financial statements of overseas subsidiaries	**(4,316)**	(10,118)
Income tax relating to components of other comprehensive income	**(16,873)**	228,263
Other comprehensive income/(loss) for the period, net of tax:	**46,448**	(748,036)
Total comprehensive income for the period, net of tax	**253,199**	(451,952)
Attributable to:		
Equity holders of the parent	**256,836**	(448,751)
Minority interests	**(3,637)**	(3,201)
	253,199	(451,952)

Interim Condensed Consolidated Statement of Financial Position

30 June 2009

	Notes	30 June 2009 (Unaudited) RMB'000	31 December 2008 (Audited & restated) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	**1,397,454**	1,374,400
Investment properties	10	**549,714**	548,689
Prepaid land lease payments	10	**1,238,282**	1,481,110
Goodwill		**220,536**	220,536
Other intangible assets		**4,087**	3,732
Prepaid rental		**120,221**	133,581
Interests in jointly-controlled entities		**516,251**	544,861
Interests in associates	11	**858,603**	900,650
Loans and receivables		**30,097**	50,162
Available-for-sale investments	12	**223,352**	188,604
Deferred tax assets		**30,841**	31,631
Total non-current assets		**5,189,438**	5,477,956
CURRENT ASSETS			
Inventories	14	**52,362**	52,349
Prepayments, deposits and other receivables	15	**435,784**	331,418
Loans and receivables		**180,587**	308,667
Due from related parties	25	**265,753**	216,496
Trade receivables		**3,722**	5,583
Cash in transit	16	**11,729**	51,069
Cash and cash equivalents	17	**516,628**	745,039
Total current assets		**1,466,565**	1,710,621

Interim Condensed Consolidated Statement of Financial Position

30 June 2009

	Notes	30 June 2009 (Unaudited) *RMB'000*	31 December 2008 (Audited & restated) *RMB'000*
CURRENT LIABILITIES			
Trade and bills payables	18	**610,707**	889,274
Other payables and accruals	19	**683,602**	784,725
Interest-bearing bank borrowings	20	**857,000**	960,000
Due to related parties	25	**13,533**	10,491
Tax payable		**64,258**	90,977
TOTAL CURRENT LIABILITIES		**2,229,100**	2,735,467
NET CURRENT LIABILITIES		**(762,535)**	(1,024,846)
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,426,903**	4,453,110
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	20	**316,000**	447,500
Other long-term payable		**66,000**	96,000
Deferred tax liabilities		**198,720**	195,276
Total non-current liabilities		**580,720**	738,776
NET ASSETS		**3,846,183**	3,714,334
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		**136**	136
Reserves		**3,416,123**	3,276,533
		3,416,259	3,276,669
Minority interests		**429,924**	437,665
Total equity		**3,846,183**	3,714,334

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2009

	Attributable to equity holders of the parent												
	Issued capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Capital reserve RMB'000	Reserve for fair value changes of available-for-sale investments RMB'000	Statutory reserves RMB'000	Retained profits RMB'000	Exchange fluctuation reserve RMB'000	Option RMB'000	Proposed interim dividend RMB'000	Proposed final dividend RMB'000	Total RMB'000	Minority interests RMB'000	Total equity RMB'000
At 1 January 2009														
As previously reported	136	2,226,452	4	404,873	(32,547)	114,569	537,143	(101,964)	17,600	-	115,513	3,281,779	437,665	3,719,444
Prior year adjustments (note 2.2)	-	-	-	-	-	-	(10,897)	-	-	-	-	(10,897)	-	(10,897)
As restated	136	2,226,452	4	404,873	(32,547)	114,569	526,246	(101,964)	17,600	-	115,513	3,270,882	437,665	3,708,547
Profit/(loss) for the year	-	-	-	-	-	-	210,388	-	-	-	-	210,388	(3,637)	206,751
Other comprehensive income/(loss)	-	-	-	-	50,764	-	-	(4,316)	-	-	-	46,448	-	46,448
Total comprehensive income/(loss)	-	-	-	-	50,764	-	210,388	(4,316)	-	-	-	256,836	(3,637)	253,199
Final 2008 dividend declared	-	-	-	-	-	-	-	-	-	-	(115,513)	(115,513)	-	(115,513)
Proposed interim 2009 dividend	-	-	-	-	-	-	(175,020)	-	-	175,020	-	-	-	-
Acquisition of minority interests	-	-	-	(2,896)	-	-	-	-	-	-	-	(2,896)	(4,104)	(7,000)
Equity-settled share option arrangements	-	-	-	-	-	-	-	-	6,950	-	-	6,950	-	6,950
Transfer from retained profits	-	-	-	-	-	536	(536)	-	-	-	-	-	-	-
At 30 June 2009 (Unaudited)	136	2,226,452	4	401,977	18,217	115,105	561,078	(106,280)	24,550	175,020	-	3,416,259	429,924	3,846,183

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2009

	Attributable to equity holders of the parent											
	Issued capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Reserve for fair value changes of available-for-sale investments RMB'000	Statutory reserves RMB'000	Retained profits RMB'000	Exchange fluctuation reserve RMB'000	Option RMB'000	Proposed final dividend RMB'000	Total RMB'000	Minority interests RMB'000	Total equity RMB'000
At 1 January 2008												
As previously reported	140	2,318,881	433,737	680,624	71,736	311,925	(64,440)	5,754	115,200	3,873,557	169,609	4,043,166
Prior year adjustments (note 2.2)	–	–	–	–	–	(4,686)	–	–	–	(4,686)	–	(4,686)
As restated	140	2,318,881	433,737	680,624	71,736	307,239	(64,440)	5,754	115,200	3,868,871	169,609	4,038,480
Profit/(loss) for the year	–	–	–	–	–	299,285	–	–	–	299,285	(3,201)	296,084
Other comprehensive income/(loss)	–	–	–	(737,918)	–	–	(10,118)	–	–	(748,036)	–	(748,036)
Total comprehensive income/(loss)	–	–	–	(737,918)	–	299,285	(10,118)	–	–	(448,751)	(3,201)	(451,952)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	178,187	178,187
Disposal of a subsidiary	–	–	(152)	–	(229)	–	–	–	–	(381)	–	(381)
Purchase of minority interest	–	–	(28,000)	–	–	–	–	–	–	(28,000)	–	(28,000)
Capital contribution from minority shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	167,200	167,200
Final 2007 dividend declared	–	–	–	–	–	–	–	–	(115,200)	(115,200)	–	(115,200)
Dividend paid to the minority shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	–	(178)	(178)
Equity-settled share option arrangements	–	–	–	–	–	–	–	5,163	–	5,163	–	5,163
Transfer from retained profits	–	–	–	–	176	(176)	–	–	–	–	–	–
At 30 June 2008 (Unaudited)	140	2,318,881	405,585	(57,294)	71,683	606,348	(74,558)	10,917	–	3,281,702	511,617	3,793,319

Interim Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2009

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Net cash generated from operating activities	**(166,678)**	86,509
Net cash used in investing activities	**297,139**	(1,242,199)
Net cash flows generated from financing activities	**(350,013)**	853,402
Decrease in cash and cash equivalents	**(219,552)**	(302,288)
Cash and cash equivalents at beginning of the period	**740,496**	777,151
Effects of foreign exchange rate changes, net	**(4,316)**	(10,118)
Cash and cash equivalents at end of the period	**516,628**	464,745

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2009

1. CORPORATE INFORMATION

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

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

2.1 BASIS OF PREPARATION

The interim condensed financial statements have been prepared in accordance with Hong Kong Accounting Standards 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention, except for available-for-sale investments, which have been measured at fair value. These consolidated financial statements are presented in Renminbi ("RMB') and all values are rounded to the nearest thousand except when otherwise stated.

The interim condensed consolidated financial statement do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2008.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The accounting policies adopted in the preparation of the interim financial information are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2008, except for the adoption of the new and revised Hong Kong Financial Reporting Standards and interpretations as noted below.

HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 1 and HKAS 32 (Amendments)	*Puttable Financial Instruments and Obligations arising on Liquidation*
HKAS 23 (Revised)	*Borrowing Costs*
HKFRS 1 and HKAS 27 (Amendments)	*Cost of an Investment in a Subsidiary, Jointly-controlled Entity, or Associate*
HKFRS 2 (Amendments)	*Share-based Payment – Vesting Conditions and Cancellations*
HKFRS 7 (Amendments)	*Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*
HK (IFRIC)-Int 9 and HKAS 39 (Amendments)	*Reassessment of Embedded Derivatives*
HK (IFRIC)-Int 13	*Customer Loyalty Programmes*
HK (IFRIC)-Int 15	*Agreement for the Construction of Real Estate*
HK (IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*

Except for HK (IFRIC)-Int 13 *Customer Loyalty Programmes*, the adoption of these standards and interpretations did not have any effect on the financial position or performance of the Group.

HK (IFRIC)-Int 13 Customer Loyalty Programmes

IFRIC 13 requires that customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted. The fair value of the consideration received or receivable from the sales transaction is allocated between the loyalty award credits and the other components of the sales transactions. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed when the Group fulfils its obligations to supply the awards.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

HK (IFRIC)-Int 13 Customer Loyalty Programmes (Continued)

The Group has been operating a credit award programme and has adopted IFRIC 13 during the period ended 30 June 2009. Prior to the adoption of IFRIC 13, revenue were recognized for the awards when they were granted to customers. Upon the adoption of IFRIC 13, the credit awards earned by customers as part of a sales transaction are accounted for as a separate component of the sales transaction and is deferred until the credit awards are redeemed. IFRIC 13 has been adopted by the Group retrospectively and therefore certain comparative have been restated. The effect of the abovementioned changes is summarised as follows:

Consolidated income statement for the period ended 30 June	**2009** ***RMB'000*** **(Unaudited)**	2008 *RMB'000* (Unaudited)
Decrease in revenue	**(1,817)**	(565)
Decrease in deferred taxation	**454**	140
Decrease in profit for the period	**(1,363)**	(425)
Consolidated balance sheet as at 1 January		
Increase in deferred revenue	**(14,530)**	(6,249)
Increase in deferred tax assets	**3,633**	1,563
Decrease in total equity	**(10,897)**	(4,686)
Consolidated balance sheet as at 30 June		
Increase in deferred revenue	**(16,346)**	(6,814)
Increase in deferred tax assets	**4,086**	1,703
Decrease in total equity	**(12,260)**	(5,111)

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

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

HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[1]
HKAS 39 Amendment	*Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items*[1]
HKFRS 3 (Revised)	*Business Combinations – Comprehensive revision on applying the Acquisition Method*[1]
HK(IFRIC)-Int 17	*Distribution of Non-cash Assets to Owners*[1]
HK(IFRIC)-Int 18	*Transfer of Assets from Customers*[1]

[1] Effective for annual periods beginning on or after 1 July 2009

2.4 SIGNIFICANT ACCOUNTING POLICIES

Non-current Assets held for Sale

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

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

3. REVENUE AND SEGMENT INFORMATION

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited & restated)
	RMB'000	*RMB'000*
Sale of goods – direct sale	**167,149**	130,103
Commissions from concessionaire sales	**496,540**	401,174
Rental income	**42,514**	20,204
Rental income from investment properties	**16,639**	8,403
Sublease rental income	**25,875**	11,801
Management fee income from operation of department stores	**15,961**	9,050
	722,164	560,531

The commissions from concessionaire sales are analyzed as follows:

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited & restated)
	RMB'000	*RMB'000*
Gross revenue from concessionaire sales	**2,647,609**	1,953,708
Commissions from concessionaire sales	**496,540**	401,174

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

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

4. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Other income		
Interest income	**14,389**	24,788
Interest income from bank deposits	**1,562**	4,448
Interest income from loans and receivables	**12,827**	20,340
Advertisement and promotion administration income	**23,608**	8,640
Credit card handling income	**2,119**	634
Dividend income	**111**	13,655
Others	**9,353**	4,182
	49,580	51,899
Gains		
Fair value gains, net:		
Available-for-sale investments transferred from equity on disposal	**38,515**	43,093
Gain on disposal of shares of an associate	**38,477**	–
Others	**94**	9,111
	77,086	52,204
	126,666	104,103

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2009 (Unaudited) *RMB'000*	2008 (Unaudited) *RMB'000*
Purchases of goods and changes in inventories	**131,094**	99,466
Depreciation and amortization	**81,259**	51,425
Staff costs	**97,021**	66,668
Wages, salaries and bonuses	**69,264**	49,308
Pension costs – defined contribution schemes	**15,341**	8,475
Welfare, medical and other benefits	**5,466**	3,722
Equity-settled share option expense	**6,950**	5,163
Utility expenses	**39,786**	23,650
Store rental expenses	**112,656**	63,109
Operating lease rental	**108,195**	61,068
Operating sublease rental	**4,461**	2,041
Credit card charges	**18,639**	12,912
Advertising expenses	**23,119**	12,258
Auditor's remuneration	**1,000**	800
Professional service charges	**1,455**	3,978
Other tax expenses	**24,193**	13,692

6. FINANCE COSTS

	For the six months ended 30 June	
	2009 (Unaudited) *RMB'000*	2008 (Unaudited) *RMB'000*
Interest expenses on bank loans wholly repayable within five years	**44,869**	40,537
Less: Interest capitalized	**(10,514)**	(7,320)
	34,355	33,217

7. TAX

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited & restated)
	RMB'000	*RMB'000*
Current income tax – PRC	**60,840**	61,678
Deferred taxation	**(10,709)**	(6,385)
	50,131	55,293

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

The subsidiaries established in the PRC are subject to corporate income tax ("CIT") at the rate of 25% (six months ended 30 June 2008: 25%), except for the head office of Intime Department Store Co., Ltd. ("head office of Shanghai Intime"), which is subject to CIT at the rate of 20% (six months ended 30 June 2008: 18%). From January 1, 2008, the lower preferential tax rates enjoyed by head office of Shanghai Intime shall gradually be increased to the statutory tax rate within 5 years of the date on which the new CIT Law comes into effect. The existing tax rate of 20% shall be increased to 22% in 2010, 24% in 2011 and 25% in 2012.

8. INTERIM DIVIDEND

The board of directors of the Company declared an interim dividend of RMB0.10 per share for the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).

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

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

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

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

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited & restated)
	RMB'000	*RMB'000*
Earnings		
Profit attributable to equity holders of the parent	**210,388**	299,285

	Number of shares For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**1,750,200,000**	1,800,000,000
Effect of dilution – weighted average number of ordinary shares: Share options	**2,844,674**	–
Weighted average number of ordinary shares used in diluted earnings per share calculation	**1,753,044,674**	1,800,000,000

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

During the six months ended 30 June 2009, the Group acquired property, plant and equipment with a cost of RMB99,131,000 (six months ended 30 June 2008: RMB611,494,000). Depreciation for property, plant and equipment and investment properties is approximately RMB60,086,000 (six months ended 30 June 2008: RMB42,561,000) during the period.

During the six months ended 30 June 2009, amortization for land use rights is RMB18,850,000 (six months ended 30 June 2008: RMB8,725,000) during the period.

The Group pledged certain of its buildings, investment properties and construction in progress to secure the Group's banking facilities. The carrying amounts of these buildings and investment properties as at 30 June 2009 are approximately RMB346,316,000 (31 December 2008: RMB356,537,000).

The Group pledged certain of land use rights to secure the Group's banking facilities. The carrying amounts of these land use rights as at 30 June 2009 are approximately RMB325,841,000 (31 December 2008: RMB329,637,000).

11. INTERESTS IN ASSOCIATES

As at 30 June 2009, interests in associates represent the interests in Wuhan Department Store Group Co., Ltd. ("Wushang") and Baida (Group) Co., Ltd. ("Baida").

12. AVAILABLE-FOR-SALE INVESTMENTS

	Period ended 30 June 2009 (Unaudited) *RMB'000*	Year ended 31 December 2008 (Audited) *RMB'000*
At beginning of year/period	**188,604**	1,564,097
Additions	**–**	98,841
Disposals	**(46,546)**	(62,067)
Revaluation surplus/(deficit) transferred to equity	**81,294**	(415,011)
Gain on receipt of shares in a listed company	**–**	27,427
Reversal of fair value changes upon transfer to interest in an associate	**–**	(980,494)
Impairment charged to the income statement	**–**	(37,170)
Foreign exchange realignment	**–**	(7,019)
At end of year/period	**223,352**	188,604

12. AVAILABLE-FOR-SALE INVESTMENTS (CONTINUED)

	30 June 2009 (Unaudited) *RMB'000*	31 December 2008 (Audited) *RMB'000*
Listed equity investments, at fair value:		
Hong Kong	–	32,741
Mainland China	223,352	155,863
	223,352	188,604

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

	30 June 2009 (Unaudited) *RMB'000*	31 December 2008 (Audited) *RMB'000*
H-share tradable shares:		
China Dongxiang (Group) Co., Ltd.	–	32,741
A-share tradable shares:		
Citic Development-Shenyang Commercial Building (Group) Co., Ltd. ("Shenyang Commercial") (note (i))	223,352	155,863
	223,352	188,604

(i) As at 30 June 2009, the Group held a 7.88% equity interests in Shenyang Commercial.

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

13. NON-CURRENT ASSETS HELD FOR SALE

As at 30 June 2009, the Group is committed to a plan to dispose of the 50% equity interest in Lotte Intime Department Store Co., Ltd. ("Lotte Intime") and has initiated actions to locate a buyer. The carrying amount of the non-current assets held for sale is nil.

14. INVENTORIES

	30 June 2009 (Unaudited) *RMB'000*	31 December 2008 (Audited) *RMB'000*
Store merchandise, at cost	**52,362**	52,349

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2009 (Unaudited) *RMB'000*	31 December 2008 (Audited) *RMB'000*
Intention money paid for potential investments	**10,590**	10,590
Receivable from the disposal of prepaid land lease payments	**207,457**	–
Receivable of disposal of a subsidiary	**–**	30,000
Rental deposits	**64,612**	63,599
Prepaid rental	**41,606**	34,031
Advances to suppliers	**40,110**	41,291
Advances to third parties	**28,995**	109,000
Others	**42,414**	42,907
	435,784	331,418

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

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2009

16. CASH IN TRANSIT

	30 June 2009 (Unaudited) *RMB'000*	31 December 2008 (Audited) *RMB'000*
Cash in transit	**11,729**	51,069

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

17. CASH AND CASH EQUIVALENTS

	30 June 2009 (Unaudited) *RMB'000*	31 December 2008 (Audited) *RMB'000*
Cash and bank balances	**516,628**	745,039

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

18. TRADE AND BILLS PAYABLES

	30 June 2009 (Unaudited) *RMB'000*	31 December 2008 (Audited) *RMB'000*
Trade and bills payables	**610,707**	889,274

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

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

19. OTHER PAYABLES AND ACCRUALS

	30 June 2009 (Unaudited) *RMB'000*	31 December 2008 (Audited & restated) *RMB'000*
Payables for purchase of property, plant and equipment and prepaid land lease payments	**66,538**	105,601
Advance from customers	**109,040**	168,264
Payable to a IC card service provider	**16,217**	89,699
Deferred revenue	**16,346**	6,813
Other liabilities to local government	**21,446**	21,446
Other tax payables	**21,118**	31,707
Bonus and welfare payables	**26,782**	33,930
Deposits received from suppliers/concessionaires	**68,650**	47,413
Accruals	**75,520**	37,386
Payables for purchase of equity interests	**200,000**	200,000
Others	**61,945**	42,466
	683,602	784,725

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

20. INTEREST-BEARING BANK BORROWINGS

	30 June 2009 (Unaudited) *RMB'000*	31 December 2008 (Audited) *RMB'000*
Non-current		
Secured bank borrowings (note (a))	**316,000**	447,500
Current:		
Unsecured bank borrowings	**–**	465,000
Secured bank borrowings (note (a))	**857,000**	400,000
Current portion of long term bank loans – secured	**–**	95,000
	857,000	960,000
	1,173,000	1,407,500

Notes:

(a) Secured bank borrowings as at 30 June 2009 were secured by certain of the Group's buildings, investment properties, construction in progress and prepaid land lease payments, the total carrying amount of which at 30 June 2009 was RMB672,157,000 (31 December 2008: RMB686,174,000).

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

	30 June 2009 (Unaudited)	31 December 2008 (Audited)
Long-term bank borrowings	**5.35% – 6.53%**	5.29% – 8.22%
Short-term bank borrowings	**4.37% – 5.31%**	7.92% – 8.61%

(c) The carrying amounts of all borrowings as at 30 June 2009 and 31 December 2008 approximated to their fair values. All borrowings are denominated in RMB.

21. SHARE OPTION SCHEME

During the period ended 30 June 2009, certain senior management were granted share options in respect of their services to the Group, under the share option scheme of the Company. The fair value of such options which has been recognized in the income statement over the vesting period, as was determined at the date of grant.

During the period ended 30 June 2009, the expense recognized in the income statement for the share option scheme amounted to RMB6,950,000 (six months ended 30 June 2008: RMB5,163,000).

22. CONTINGENT LIABILITIES

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

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

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

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

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

23. OPERATING LEASE ARRANGEMENTS

(a) As lessor

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

At 30 June 2009, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2009 (Unaudited) *RMB'000*	31 December 2008 (Audited) *RMB'000*
Within one year	**54,047**	46,844
In the second to fifth years, inclusive	**169,957**	140,478
After five years	**212,303**	195,054
	436,307	382,376

The amounts above include future minimum sublease payments expected to be received under non-cancellable subleases amounting to RMB121,165,000 (31 December 2008: RMB33,791,000) as at 30 June 2009.

23. OPERATING LEASE ARRANGEMENTS (CONTINUED)

(b) As lessee

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

At 30 June 2009, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2009 (Unaudited) *RMB'000*	31 December 2008 (Audited) *RMB'000*
Within one year	227,565	203,145
In the second to fifth years, inclusive	910,258	1,041,368
After five years	2,244,179	2,722,189
	3,382,002	3,966,702

24. COMMITMENTS

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

	30 June 2009 (Unaudited) *RMB'000*	31 December 2008 (Audited) *RMB'000*
Contracted, but not provided for:		
Land and buildings	278,000	121,678

	30 June 2009 (Unaudited) *RMB'000*	31 December 2008 (Audited) *RMB'000*
Authorised, but not contracted for:		
Land and buildings	248,000	315,000

25. RELATED PARTY TRANSACTIONS

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

(a) Name and relationship of related parties

Name	Relationship
Mr. Shen Guojun	Shareholder of the Company
China Yintai Holdings Co., Ltd. ("China Yintai")	Controlled by the Mr. Shen Guojun
Jingtou Yintai Co., Ltd. ("Jingtou Yintai", formerly known as Silvertie Holding Co., Ltd.)	24.83% of its shares were held by China Yintai
Beijing Jixiang Real Estate Co., Ltd. ("Jixiang Real Estate")	Subsidiary of China Yintai
Beijing Yintai Property Co., Ltd. ("Yintai Property")	Controlled by the Mr. Shen Guojun
Lotte Intime Department Store Co., Ltd. ("Lotte Intime")*	Jointly-controlled entity
Hangzhou Xin Hubin Commercial Development Co., Ltd ("Xin Hubin")	Jointly-controlled entity
Hangzhou Hubin International Commercial Development Co., Ltd. ("Hubin International")	Jointly-controlled entity
Baida	Associate of the Group
Hiwell Real Estate Company Limited ("Hiwell Real Estate")	Associate of China Yintai

* The Group ceased to account for the 50% equity interest in Lotte Intime as interest in jointly-controlled entity and accounted for it as non-current assets held for sale since 30 April 2009 (Note 13).

25. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties

The following transactions were carried out with related parties:

	For the six months ended 30 June	
	2009 **(Unaudited)** ***RMB'000***	2008 (Unaudited) *RMB'000*
Renal expense and management fee:		
Yintai Property (note (i))	**1,816**	1,278
Jingtou Yintai (note (ii))	**19,537**	17,277
	21,353	18,555
Advances to related parties:		
Xin Hubin	**41,021**	2,800
Hubin International	**31,000**	–
Jixiang Real Estate	**–**	443
China Yintai	**–**	1,000
	72,021	4,243
Repayment from related parties:		
Jixiang Real Estate	**–**	35,681
Advance from related parties:		
China Yintai	**–**	1,500
Payment made on behalf of a related party:		
Lotte Intime	**–**	16,720
Management fee from a related party		
Baida (note (iii))	**15,961**	9,050
Loans made to a related party:		
Lotte Intime (note (iv))	**55,000**	–
Loans repaid from a related party:		
Lotte Intime	**26,708**	–
Interest income from related parties:		
Hiwell Real Estate	**3,451**	–
Lotte Intime	**7,384**	–
	10,835	–

25. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties (Continued)

Notes:

(i) On 14 March 2008, Zhejiang Intime Department Store Co., Ltd. ("Zhejiang Intime") entered into an agreement with Yintai Property, to lease certain floors of an office building for its operation.

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

(iii) Zhejiang Intime entered into a management agreement ("Management Agreement") with Baida on 30 January 2008. Pursuant to the Management Agreement, Zhejiang Intime is entrusted to manage the department store operations of certain subsidiaries and branches ("Operating Entities") of Baida for a period of 20 years starting from 1 March 2008 to 28 February 2028 (the "Management Periods"). The Management Agreement has been approved at the shareholders' meeting of Baida on 28 February 2008.

According to the Management Agreement, Zhejiang Intime is entitled to an annual management fee computed on the basis stipulated in the Management Agreement. During the six months ended 30 June 2009, Zhejiang Intime recognised management fee income of RMB15,961,000 from managing the operation of the Operating Entities of Baida.

In addition, Zhejiang Intime has guaranteed the annual minimum return to Baida under the Management Agreement as follows:

	Annual minimum return to Baida *RMB'000*
First year of the Management Periods	81,500
Second year of the Management Periods	91,280
Third year of the Management Periods	102,234
Fourth year of the Management Periods	114,502
Fifth to twentieth year of the Management Periods	89,650

Pursuant to the Management Agreement, if the return to Baida falls below the guaranteed annual minimum return, Zhejiang Intime will be liable to compensate Baida for the deficit.

(iv) Pursuant to the loan agreement between Zhejiang Intime and Lotte Intime, Zhejiang Intime granted Lotte Intime certain shareholder loans of RMB30,000,000 and RMB25,000,000, bearing interest rate at 4.86% and 5.04% respectively. The loan of RMB30,000,000 and RMB25,000,000 will be repaid within one year.

25. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Due from related parties

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

	30 June 2009 (Unaudited) *RMB'000*	31 December 2008 (Audited) *RMB'000*
Due from related parties:		
Hubin International	**180,838**	149,838
Xin Hubin	**77,129**	36,107
Jingtou Yintai (note (i))	**6,500**	6,500
China Yintai	**–**	20,000
Baida (note (b) (iv))	**1,269**	4,051
Jixiang Real Estate	**17**	–
	265,753	216,496

Notes:

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

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

(d) Loans and interest receivable from related parties

	30 June 2009 (Unaudited) *RMB'000*	31 December 2008 (Audited) *RMB'000*
Hiwell Real Estate	**–**	143,745
Lotte Intime	**208,692**	183,548
	208,692	327,293

25. RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Due to related parties

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

	30 June 2009 (Unaudited) *RMB'000*	31 December 2008 (Audited) *RMB'000*
Due to related parties:		
Jingtou Yintai	9,937	6,895
Jixiang Real Estate	3,596	3,596
	13,533	10,491

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

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

(f) Key management compensation

	For the six months ended 30 June	
	2009 (Unaudited) *RMB'000*	2008 (Unaudited) *RMB'000*
Salaries, allowances and other benefits	2,595	2,372
Discretionary bonuses	2,806	1,670
Contributions to a retirement plan	187	212
Share option scheme	4,494	2,707
	10,082	6,961

26. POST BALANCE SHEET EVENTS

(a) On 3 July 2009, Zhejiang Intime entered into an agreement with China Yintai pursuant to which Zhejiang Intime disposed of the 50% equity interest in Lotte Intime, for a consideration of RMB1; and the shareholder's loan, being a loan owed by Lotte Intime to Zhejiang Intime in the amount of RMB145,000,000, for a consideration of RMB145,000,000.

(b) In July 2009, the Group disposed of 18,236,047 shares of Baida and held a 15% equity interests in Baida thereafter.

(c) On 14 August 2009, Hangzhou Intime North Hill Enterprise Management Co., Ltd. ("Hangzhou North Hill"), an indirectly wholly-owned subsidiary of the Company, entered into an agreement with Beijing Guojun Investment Co., Ltd. ("Beijing Guojun"), a related party in which Mr. Shen Guojun owns 100% equity interest. Pursuant to the agreement, Hangzhou North Hill disposed of the 50% equity interest in Hubin International to Beijing Guojun, at the consideration of RMB210,170,000. In addition, Hangzhou North Hill also disposed of the shareholder's loan of RMB303,840,000 at par to Beijing Guojun.

Management Discussion and Analysis

BUSINESS OVERVIEW

Industry Overview

During the first half of 2009, under the stimulus policies of promoting domestic consumption to maintain reasonable growth of the national economy, the national GDP grew at a steady rate of 7.1%. Domestic consumption in China continued to sustain healthy expansion with the total retail sales of consumer goods reached RMB5,871.1 billion in the first six months, a year-on-year rise of 15%, and the real growth was 16.6% after deducting the price factors, which was 3.7% higher than that in the same period last year. In the first half of this year, the per capita disposable income of urban residents were RMB8,856, a year-on-year growth of 9.8%.

The economy of Zhejiang province, where most of the Group's sales and profit were generated, also shows signs of recovery. In the first half of this year, the GDP of Zhejiang province increased to RMB1,004.4 billion, representing an increase of 6.3% over the same period of last year. The total retail sales of consumer goods in Zhejiang province has risen by 13.7% to RMB403.2 billion in the first six months of this year. The per capita disposable income of urban household in Zhejiang province also increased by 7.6% to RMB13,365.

The economy of Hubei province, where the Group operated 4 stores, continued to show steady growth, with a GDP growth of 11.3% over the period. The total retail sales of consumer goods in Hubei province has risen to about RMB275.5 billion in the first half of year 2009, representing a year-on-year growth of 18.7%. The per capita disposable income of urban household in Hubei province also increased by 10.7% to RMB7,470.

Although the national economy seemed to develop under a recovery track, the Group's management expects that there continued to be potential challenges in the second half of 2009 to 2010. Large amount of liquidity was injected into the domestic economy, yet its impact in the critical business sectors such as manufacturing, export and technology development remain modest. The fast appreciation of real estate price and the domestic stock market could also bring tightening of lending policies and even additional austerity measures, which would add pressure to the still fragile enterprise fundamentals. Such general business environment contributes some degree of uncertainty to the near-term general retail market.

Operational Review

In the first half of 2009, the Group's department stores recorded total gross sales proceeds of RMB2,873 million, achieved a strong gross sales proceeds growth rate of 36.0% and revenue growth rate of 28.8%, with the same store sales growth maintained at a healthy rate of 13%. This was the result of the continuous improvement in operational efficiency, better merchandise mix and brand selection, friendly customer services, more organised sales and promotional campaigns by the Group.

The Group further strengthened its position as the leading department store operator in Zhejiang province by opening Zhejiang Zhoushan Store in January 2009, and Hangzhou Qingchun Store and Zhejiang Yiwu Store in April 2009. By leveraging on its leading position in Zhejiang province, the Group aims to derive greater synergy in regional merchandising, marketing, storefront management, store managers' training and development and cost control. The Group is currently operating and managing a total of 18 stores with a total Gross Floor Area of 646,667 square meters, including 13 department stores located in the principal cities within Zhejiang province, 4 department stores located in the Hubei province and 1 store located in Shaanxi province. In addition, the Group is also operating retail properties in Jiaxing, Zhejiang province and Shenyang, Liaoning province.

During the first half of 2009, the Group focused on improving operational efficiency and financial position of the Group. The Group reduced its stockholding by disposing the shares of China Dongxiang (Group) Co., Ltd. ("Dongxiang") and part of the shareholdings in Baida Group Co., Ltd. ("Baida"). The Group received approximately RMB187.7 million from the disposals.

The Group further disposed of its 50% joint venture interests in Beijing Intime Lotte Department Store Co., Ltd. ("Intime Lotte") and its 50% joint venture interests in Hangzhou Hubin International Commercial Development Co., Ltd. ("Hubin International") in July 2009 and August 2009 respectively. Both these joint ventures have been operating at a loss and are not expected to generate profit in the near future. The disposals can help the Group improve its liquidity and financial prospects.

In June 2009, the Group also cancelled its previous acquisition, through government auction, of a piece of land in Hangzhou, Zhejiang province, as certain conditions specified in the auction were not satisfied. Subsequently, the Group has received from the government the full refunds of its payment of RMB212,300,000 and the associated interest.

Management Discussion and Analysis

Starting from 8 June 2009, the Group started full renovation of its Ningbo No. 2 store (the Ningbo Dongmen store) to improve the store's hardware infrastructure and retail floor arrangement. The renovation is expected to be completed around mid-September of this year. During the period of renovation, the store suspended its sales operation, and part of the shopping traffic is expected to be diverted to the Group's other stores in Ningbo area. The Group's management believe this renovation, although reducing the sales and profit from the store's operation in the current year, is essential for enhancing the store's long-term competitive market position in the Ningbo area.

The Group has further enhanced the management of its concessionaires and direct sales suppliers by strengthening its relationships with them. In July 2009, the Group signed a strategic cooperation agreement with 55 suppliers representing over 155 leading and popular brand names. The Group believes that, through its partnership with its concessionaires and direct sales suppliers, the Group will receive their continued support and in return benefit its customers through enriched product mix and availability of the latest fashion wear.

Outlook

Looking into second half of 2009, the Chinese economy and retail environment will continue to face some degree of near-term uncertainty. We believe our focus in local market share and strategy of regional leadership will play an increasing important role in securing the Group's market leadership status while maintaining a healthy pace of growth. The Group will continue to enhance its core competitive edge, expand store network and further secure its leadership position in the Zhejiang province. We will focus on the operation of our existing outlets by exploring their sales potential and enhancing their profit contribution and dedicate effort to effectively shorten the fostering cycle of new outlets. The Group is confident in the continued promising development of the Group's business in the second half of 2009.

FINANCIAL REVIEW

Total gross sales proceeds and revenue

During the first half year under review, total gross sales proceeds of the Group (that is, aggregate proceeds from direct sales, gross revenue from concessionaire sales, rental income and management fee income) was RMB2,873 million, representing an increase of 36.0% from RMB2,113.1 million recorded in the corresponding period in 2008. This increase was primarily attributable to the same store sales growth of approximately 13%, the inclusion of the full six months' sales performance of the new stores opened in the year 2008, the inclusion of the sales performance of the three new stores opened in the first half of this year and the increase in management fee income for operating the Baida department store.

The commission rate of concessionaires for the first half of year 2009 was about 18.8%, which is 1.7% below the rate of 20.5% for the same period last year. Such decrease was mainly due to the increase in promotional activities and increase in sales from newly opened stores which carried lower commission rates. Direct sales margin declined by 1.9% to 21.6% in the first half of this year, mainly due to the increase in promotional activities and a shift in the merchandize mix of the Group. The Group will conduct regular reviews on the performance of the Group's suppliers and concessionaires, with the aim to enhance and strengthen product portfolios and provide better shopping choices to its customers.

Total revenue of the Group increased by about RMB161.6 million or 28.8% to RMB722.2 million in the first half of year 2009. Such increase reflects the strong underlying growth trend of the retail business in Zhejiang province and Hubei province.

Other income and gains

For the period ended 30 June 2009, the Group's other income were RMB49.6 million, representing a decrease of 4.4% from RMB51.9 million as compared to the same period last year. The decrease was largely due to the decrease in interest income from loans and receivables of RMB7.5 million and the decrease in dividend income of RMB13.5 million. The decrease in dividend income was due to the change in the accounting treatment for Baida as Baida was accounted for as available for sale securities through May 2008, while it was accounted for as an associate in the first half of this year. The decrease was partially offset by the increase of advertisement and promotion administration income of RMB15.0 million and other miscellaneous income of RMB5.2 million.

The Group's other net gains increased to RMB77.1 million in the first half of year 2009, from RMB52.2 million recorded in the corresponding period of 2008. The increase was mainly resulted from the gain of RMB38.5 million from the disposal of shares of Dongxiang in the first half of year 2009.

Purchase of goods and change in inventories

The purchase of goods and changes in inventories refer to the cost of the direct sales. In line with the increase of direct sales, the cost of sales increased to RMB131.1 million for the period ended 30 June 2009 from RMB99.5 million recorded in the corresponding period in 2008, representing an increase of 31.8%.

Staff costs

For the first half of year 2009, the Group's staff costs increased by RMB30.4 million or 45.4% to RMB97 million, which was primarily attributable to the inclusion of the full six months' staff cost of the new stores opened in 2008 and the inclusion of the staff costs for new stores opened in the first half of 2009. Staff costs as a percentage of total revenue for the period was 13.4%, which was 1.5% higher than the 11.9% recorded for the corresponding period of last year.

Depreciation and amortization

The Group's depreciation and amortization increased to RMB81.3 million in the first half of 2009, representing a year-on-year increase of 58.2%. The increase was primarily attributable to the inclusion of depreciation and amortization costs for new stores and retail properties opened in the year of 2008 and the first half year of 2009.

Other expenses

Other expenses, which mainly consisted of utility expenses, store rental expenses, advertising expenses, credit card handling charges and other tax expenses, increased by 56.8% to RMB262 million in the first six months of year 2009 from RMB167.1 million recorded in the same period last year. The increase was mainly due to the inclusion of the full six months' store rental expenses of the new stores opened in the year 2008 and the start-up expenses for the new store opened in the first half of year 2009.

As a percentage to total revenue, other expenses for the period increased to 36.3%, which was higher than the 29.8% recorded in the corresponding period of last year. More stringent control measures are in place and will continue in the second half of this year.

Finance costs

The Group's finance costs increased from RMB33.2 million recorded in the first six months of 2008 to RMB34.4 million in the same period in 2009, representing an increase of 3.6%. The total bank borrowing of the Group decreased substantially from RMB1,407.5 million as at 31 December 2008 to RMB1,173 million as at 30 June 2009. The average borrowing interest rate of the Group was lowered from approximately 7.56% at the beginning of this year to approximately 5.23% as at the end of June 2009.

Share of profits of associates

The share of profit of associates for the first half of this year was RMB42.4 million, representing an increase of 44.2% from corresponding period of last year. The Group had maintained a 22.62% equity interest in Wuhan Department Store Group Co., Ltd. ("Wushang") and a 20% equity interest in Baida as at 30 June 2009.

Share of losses of jointly-controlled entities

The share of losses of jointly-controlled entities amounted to RMB28.6 million, which comprised of the loss of RMB18.2 million from Intime Lotte and the loss of RMB10.4 million from Hubin International. As part of the measures to enhance return on assets, the Group has disposed of its entire interest in Intime Lotte and Hubin International in July 2009 and August 2009 respectively.

Income tax expense

The Group's income tax expense decreased by RMB5.2 million or 9.4% to RMB50.1 million in the first half of this year. Effective tax rate of the Group for the period has increased to 19.5% from 15.7% during the same period of last year, which mainly resulted from the decrease in the non-taxable income in the first half of year 2009 as compared to the corresponding period of 2008.

Profit for the period

Profit for the first half of this year was RMB206.8 million, decreased from RMB296.1 million in the same period in 2008, mainly due to the absence of one-off gain of RMB80.5 million from the share reform program relating to the shares of Baida recorded in the same period of 2008.

Profit attributable to equity holders of the parent

As a result of the reasons mentioned above, profit attributable to equity holders of the parent for the six months ended 30 June 2009 was RMB210.4 million, showing a decrease of 29.7% from RMB299.3 million recorded in the same period in 2008.

Liquidity and financial resources

As at 30 June 2009, the Group's cash and cash equivalents amounted to RMB516.6 million, a decrease of RMB228.4 million from the balance recorded as at the end of December 2008. This decrease was mainly a result of the cash outflow to finance project development, reduce trade payables to suppliers and repay bank loans.

As at 30 June 2009, total borrowings were RMB1,173 million, which represented a decrease of 16.7%, or RMB234.5 million from the balance recorded as at the end of December 2008. The decrease was largely due to the repayment of bank loans in the first half of year 2009. The borrowings include both short-term bank borrowings and long-term borrowings. Both are denominated in RMB.

Management Discussion and Analysis

Total debt to total assets ratio of the Group expressed as a percentage of interest-bearing loans and bank borrowings over the total assets was 17.6% as at 30 June 2009, which is 2% lower than the 19.6% recorded as at 31 December 2008.

Net current liabilities and net assets

The net current liabilities position of RMB1,024.8 million as at 31 December 2008 has decreased to RMB762.5 million as at 30 June 2009, representing a large decrease of 25.6%. The decrease was mainly due to the decrease in short-term bank borrowings the Group incurred and decrease in the trade payables in the first half of this year. Net assets of the Group as at 30 June 2009 was RMB3,846.2 million (31 December 2008: RMB3,714.3 million).

Pledge of assets

Certain buildings, investment properties, construction in progress and land use rights with carrying amount of RMB672 million had been pledged to the Industrial and Commercial Bank of China and Agricultural Bank of China to obtain bank facilities in the amount of RMB1,977.6 million.

Interest rate risk

Interest rate risk exposure of the Group is mainly related to the impacts of interest rate fluctuations on interest-bearing assets and liabilities such as bank deposits, existing (interest-bearing) loans and future borrowing needs. As at 30 June 2009, the total outstanding balance of interest-bearing bank loans was RMB1,173 million. The Group currently has not used any derivatives to hedge the interest rate risk.

Foreign exchange risk

The operations of the Group are mainly carried out in the PRC with most transactions settled in RMB. Certain of the Group's cash and bank deposits are denominated in Hong Kong dollars or United States dollars. In addition, the Company pays dividend in Hong Kong dollars. Any significant exchange rate fluctuations of Hong Kong dollars or United States dollars against RMB may have financial impact to the Group. The Group has not used any forward contracts, currency borrowings or other means to hedge its foreign currency exposure.

Staff and remuneration policy

As at 30 June 2009, the Group had about 3,747 employees. The Group strives to offer a good working environment, a diversified range of training programs as well as an attractive remuneration package to its employees. The Group endeavours to motivate its staff with performance-based remuneration. On top of basic salary, staff with outstanding performance will be rewarded by way of cash bonuses, share options, honorary awards or a combination of all the above to further align the interests of its employees and the Company, to attract talented individuals, and to create long-term incentive for its staff.

Contingent liabilities

Details of the contingent liabilities are set out in Note 22 to the Interim Condensed Consolidated Financial Statements.

Other Information

DISCLOSURE OF INTERESTS

Directors and chief executive

As at 30 June 2009, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules were as follows:

Name of Directors/ Chief Executive	Nature of Interest	Number and class of securities[(1)]	Approximate percentage of interest in such corporation
Mr. Shen Guojun	Interest of controlled corporation[(2)]	L774,316,255	44.24%
Mr. Ching Siu Leung	Beneficial owner[(3)]	L1,650,000	0.09%
Mr. Chen Xiaodong	Beneficial owner[(4)]	L4,200,000	0.24%

Notes:

1. The Letter "L" denotes the person's long position in such Shares.

2. Mr. Shen Guojun, an executive Director and the Chairman of the Board, is the beneficial owner of the entire issued share capital of Fortune Achieve Group Ltd., which in turn is the beneficial owner of the entire issued share capital of Glory Bless Limited, which in turn is the beneficial owner of the entire issued share capital of Intime International Holdings Limited, which holds 774,316,255 Shares.

3. Mr. Ching Siu Leung, an executive Director, hold options in respect of a total of 1,650,000 shares in the Company.

4. Mr. Chen Xiaodong, the Chief Executive of the Company, hold options in respect of a total of 4,200,000 shares in the Company.

Save as disclosed above, as at 30 June 2009, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

Substantial Shareholders of the Company and other persons

As at 30 June 2009, so far as is known to any Director or chief executive of the Company, the persons (other than the Directors and the chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group were as follows:

Name of shareholders	Nature of Interest	Number and Class of Securities[1]	Approximate percentage of interest in such corporation
Fortune Achieve Group Ltd.[2]	Interest of controlled corporation	L774,316,255	44.24%
Glory Bless Limited[2]	Interest of controlled corporation	L774,316,255	44.24%
Intime International Holdings Limited[2]	Beneficial owner	L774,316,255	44.24%
Warburg Pincus & Co.[3]	Interest of controlled corporation	L442,845,000	25.30%
Warburg Pincus Partners LLC[3]	Interest of controlled corporation	L442,845,000	25.30%
Warburg Pincus IX, LLC[3]	Interest of controlled corporation	L221,422,500	12.65%
Warburg Pincus Private Equity IX, L.P.[3]	Beneficial Owner	L221,422,500	12.65%
Warburg Pincus International Partners L.P.[3]	Beneficial Owner	L212,237,896	12.13%

Other Information

Notes:

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

2. Mr. Shen Guojun is a director of and the beneficial owner of the entire issued share capital of Fortune Achieve Group Ltd., which in turn is the beneficial owner of the entire issued share capital of Glory Bless Limited, which in turn is the beneficial owner of the entire issued share capital of Intime International Holdings Limited, which holds 774,316,255 Shares. Mr. Shen Guojun is a director in each of Fortune Achieve Group Ltd., Glory Bless Limited and Intime International Holdings Limited. Mr. Ching Siu Leung and Mr. Xin Xiangdong are also directors of Intime International Holdings Limited.

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

Save as disclosed above, as at 30 June 2009, so far as is known to the Directors or the chief executive of the Company, no other person (not being a Director or chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

SHARE OPTION SCHEME

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

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

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

Other Information

The movements in share options granted under the Scheme during the six months ended 30 June 2009 are show below:

			Number of share options							
Name or category of participant	Date of Grant	Exercise Price per share	As at 1 Jan. 2009	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	As at 30 June 2009	Exercise Period	Closing price immediately before the date of grant
Director										
Ching Siu Leung	21/3/2007	6.44	2,200,000	–	–	550,000	–	1,650,000	22/3/08-21/3/12	6.44
Chief Executive Officer										
Chen Xiaodong	11/4/2008	5.64	1,200,000	–	–	–	–	1,200,000	12/4/09-11/4/14	5.60
	18/9/2008	3.56	1,200,000	–	–	–	–	1,200,000	19/9/09-18/9/14	3.20
	4/3/2009	1.88	–	1,800,000	–	–	–	1,800,000	5/3/10-4/3/15	1.83
Other employees in aggregate	11/4/2008	5.64	14,760,000	–	–	–	–	14,760,000	12/4/09-11/4/14	5.60
	18/9/2008	3.56	10,400,000	–	–	–	–	10,400,000	19/9/09-18/9/14	3.20
	4/3/2009	1.88	–	15,980,000	–	–	–	15,980,000	5/3/10-4/3/15	1.83
Total			29,760,000	17,780,000	–	550,000	–	46,990,000		

Purchase, Sale And Redemption Of Company's Share

There was no purchase, sale or redemption of any of the listed securities of the Company by the Company or any of its subsidiaries during the six months ended 30 June 2009.

Interim Dividend

The Board has declared the payment of an interim dividend of RMB0.10 per share for the six months ended 30 June 2009 (six months ended 30 June 2008: Nil) to shareholders whose names appear on the register of members of the Company on 12 October 2009. The interim dividend will be paid on 30 October 2009.

Closure of Registers of Members

The Company's register of members will be closed from 7 October 2009 to 12 October 2009 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the declared interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 6 October 2009.

Sufficiency of Public Float

The Company has maintained a sufficient public float throughout the period from the date of listing of shares to 30 June 2009.

Resignation and Appointment of Director

Mr. Lee Lawrence retired and resigned as an independent non-executive Director of the Company upon the conclusion of the annual general meeting of the Company held on 8 June 2009 ("AGM"). Mr. Lee also ceased to act as a member of each of the audit committee, remuneration committee and nomination committee of the Company on the same date.

Mr. Yu Ning has been appointed as an independent non-executive Director of the Company at the AGM and a member of each of the audit committee and remuneration committee of the Company with effect from 8 June 2009.

Code on Corporate Governance Practices

The Board is of the view that the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2009 save as disclosed below:

Code Provision A.2.1

Prior to 15 January 2009, Mr. Shen Guojun assumed the roles of both the chairman and the chief executive officer of the Company, and the functions of chairman and chief executive officer of the Company were not held by different persons as required under code provision A.2.1 of the Code on Corporate Governance Practices. The Board considered that this structure facilitated the execution of the Group's business strategies and maximized the effectiveness of its operation at the relevant time. On 16 January 2009, Mr. Chen Xiaodong was appointed as the chief executive officer of the Company. After the appointment of Mr. Chen Xiaodong as the chief executive officer of the Company, the Company is in compliance with Code Provision A.2.1.

Other Information

Model Code for Securities Transactions

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

The Board confirmed that, after making specific enquiries with the Directors, all Directors have fully complied with the code provisions of Model Code during the six months ended 30 June 2009.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal control and financial reporting with the management, including the review of the unaudited condensed interim accounts for the period ended 30 June 2009 of the Company. The Audit Committee considered that the interim financial results for the six months ended 30 June 2009 is in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

The audit committee has three members comprising two independent non-executive directors, namely, Mr. CHOW Joseph and Mr. YU Ning, and one non-executive director, namely, Mr. LI Hui, David, with terms of reference in compliance with the Listing Rules.

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

Beijing, 26 August 2009