



**Shirble Department Store Holdings (China) Limited**  
**歲寶百貨控股(中國)有限公司**

*(incorporated in the Cayman Islands with limited liability)*

Stock code: 312

*INTERIM REPORT 2011*





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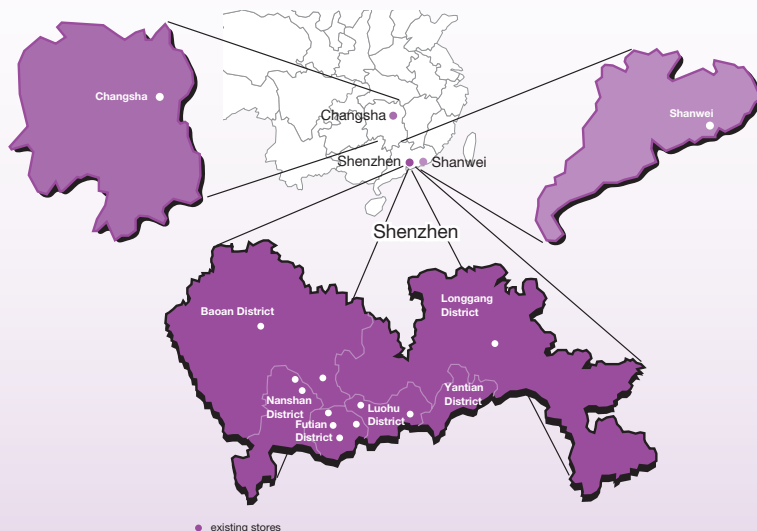
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## Corporate Profile

Shirble Department Store Holdings (China) Limited (the “**Company**”) was incorporated in the Cayman Islands with limited liability on 5 November 2008. The Company and its subsidiaries (collectively, the “**Group**”) are principally engaged in the operation 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 17 November 2010. The Group is one of the leading and long established Shenzhen-based department store chains. It currently owns and operates 13 department stores, of which 11 are within Shenzhen and two are located in Changsha (the capital city of Hunan Province) and Shanwei (a coastal city in the eastern Guangdong Province), respectively. Most of the Group’s stores are having similar exterior and interior designs including layouts, colour schemes and decors, thereby enhancing customers’ awareness of the brand “**威實百貨**”.

A broad range of merchandise is offered in the stores, including footwear, textiles, apparel, cosmetics, children’s and households’ goods, electrical appliances, daily consumer products and household necessities, which enables the Group to capture a wide and diverse range of customers. The Group’s department stores principally target the mid-market segment, aiming to offer its customers with a wide range of quality merchandise and customer-oriented services, as well as a convenient and comfortable “one-stop” shopping environment. It also caters for the relatively higher-end segment of the retail market for certain categories of products by offering well-known international and domestic branded products in its stores, so as to capture the demand of customers with higher consumption power. It is believed that this market position enables the Group to capture high growth potential in the PRC retail sector.



## Financial Highlights

### OPERATING RESULTS

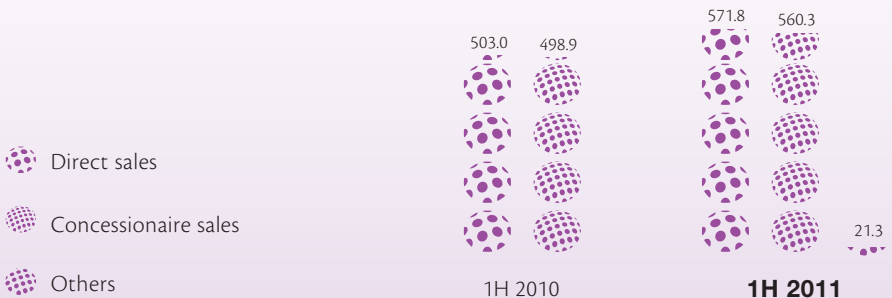
RMB'000	For the six months ended 30 June	
	2011 (unaudited)	2010 (audited)
Turnover	713,845	623,363
Profit from operations	114,313	112,741
Profit before tax	125,294	115,653
Profit attributable to equity shareholders of the Company	94,891	90,080
Earnings per share (RMB per share)		
– Basic and diluted	0.04	0.05

### ASSETS, LIABILITIES AND EQUITY

RMB'000	At	At
	30 June 2011 (unaudited)	31 December 2010 (audited)
Total assets	2,708,519	2,457,413
Total liabilities	1,092,744	926,369
Total equity	1,615,775	1,531,044

### GROSS SALES PROCEEDS - BY CATEGORY






RMB (million)

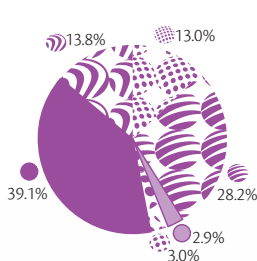




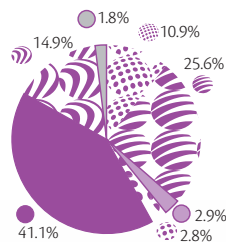
## Financial Highlights

### GROSS SALES PROCEEDS - BY PRODUCT CATEGORY

-  Electronics and home appliances
-  Clothes, apparel and bedding
-  Children's goods
-  Sporting and stationery goods
-  Food and beverages
-  Daily necessities and cosmetic goods
-  Others






1H 2010

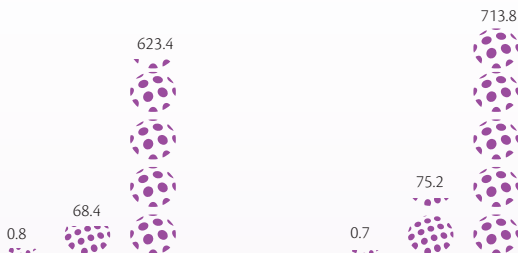


1H 2011

### TURNOVER AND OTHER REVENUE

RMB (million)

-  Turnover
-  Other operating revenue
-  Other net income







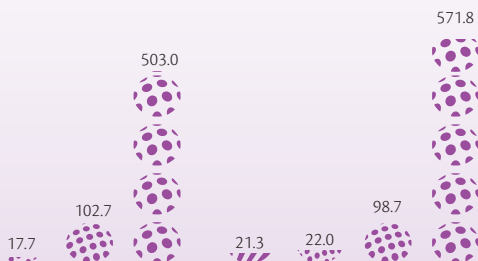
1H 2010

1H 2011

### TURNOVER BY CATEGORY

RMB (million)

-  Direct sales
-  Commission from concessionaire sales
-  Rental income
-  Others



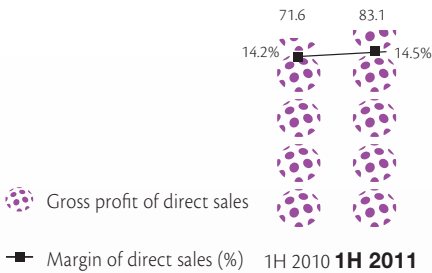
1H 2010

1H 2011

## Financial Highlights

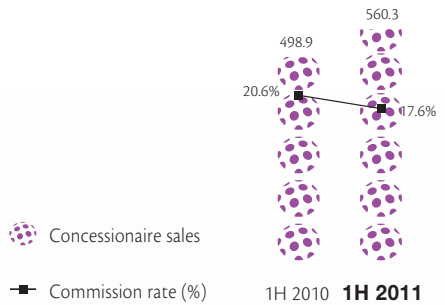
### GROSS PROFIT AND MARGIN OF DIRECT SALES

RMB (million)



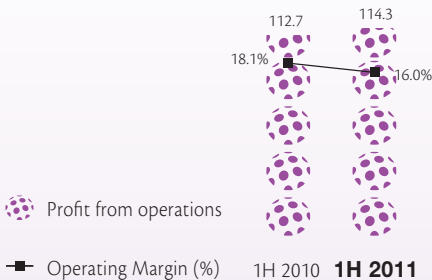
### CONCESSIONAIRE SALES AND COMMISSIONS AS A PERCENTAGE OF CONCESSIONAIRE SALES

RMB (million)



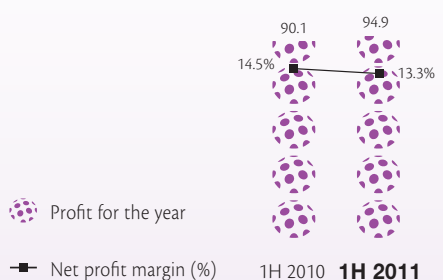
### PROFIT FROM OPERATIONS AND OPERATING MARGIN

RMB (million)



### NET PROFIT AND NET PROFIT MARGIN

RMB (million)





## Chairman's Statement

### MARKET AND BUSINESS REVIEW

#### Overview

I am very pleased to present the interim results of the Group for the six months ended 30 June 2011.

The PRC economy continued to maintain a steady growth during the first half of 2011 with a year-on-year growth in the gross domestic product of 9.6%. The per capita disposable income of urban residents in China amounted to RMB11,041 which represents a year-on-year growth of 13.2%. Total retail sales of consumer goods in China were RMB8,583.3 billion which represents a year-on-year growth of 16.8%. Without taking account of the effect of inflation, the PRC domestic consumption expanded at the real rate of 10.9%.

In the first half of 2011, the Group's total gross sales proceeds recorded a stable growth of 15.1% with same store sales ("**SSS**") growth of 10.2% reaching RMB1,153.4 million. Turnover increased by 14.5% to RMB713.8 million and profit attributable to equity shareholders of the Company increased by 5.3% to RMB94.9 million.

#### Increase in the number of stores

In November 2010, the Group entered into two lease agreements in relation to two stores with an aggregate gross floor area ("**GFA**") of 72,800 sq. m. in Humen Town, Dongguan, Guangdong Province. One of the stores is expected to be a shopping mall and the other will be a department store. The two stores are expected to commence business operations in 2011 or early 2012.

In May 2011, the Group entered into an agreement to acquire a property in Bao'an District, Shenzhen for cash consideration of RMB262.5 million. The property is currently under development and is expected to have 35,000 sq. m., which will be completed and transferred to the Group in 2013. The Group plans to open a new department store in 2013 within the three-storey property located in the prosperous commercial district. This prime location is easily accessible via a public transportation network, facilitating shopping convenience, and offering development potential for the department store business.

## Chairman's Statement

In June 2011, the Group expanded its department store network through the acquisition of operating rights of two department stores in Dongguan for cash consideration of RMB29.0 million. The operating rights of these two department stores will be transferred to the Group before the end of October 2011. The total GFA of these stores is 17,600 sq. m. and they are expected to commence business operation by the end of 2011. The two newly acquired stores are popular among high-spending shoppers as they are located at the centre of Dongguan next to the highway transportation hub of Dongguan. The opening of these department stores enables the Group to capture the growth potential in one of the fast-growing cities in Southeastern China.

As at 30 June 2011, the Group has a total of 13 department stores in operation, including 11 stores within Shenzhen, one in Shanwei and one in Changsha. The total GFA of the 13 stores is 208,684 sq. m., representing an increase of 31.5% as compared to the same period in the last year. In addition to the four department stores which are to be open by the end of 2011, the Group would have a total of 17 department stores with an aggregate GFA of 299,084 sq. m., representing a growth of 43.3% as compared with the same in 2010.

### Private label products

The Group has introduced its private label products since 2010 and has added a wider range of products in 2011. Sales of these branded products record a stable growth in the first half of 2011. The Group plans to expand its private label merchandise for the purpose of increasing the Group's profitability and market penetration.

### Renovation and reconstruction work around the existing stores

The Group commenced its first stage renovation plan in the first half of 2011, focusing mainly on the enhancement of ancillary facilities of the existing stores. The Group will continue the renovation plan of older stores for the purpose of increasing the brand awareness and enhancing the shopping experiences. Together with the completion of traffic construction/improvement works nearby certain department stores earlier this year, the Directors expect that the pedestrian traffic and the level of spending of customers visiting these department stores will increase.





## Chairman's Statement

### Enhancement of VIP programme

During the first half of 2011, the Group continued to enhance its VIP customer programme through enhancement of services and the promotional and marketing activities in order to reinforce customers' loyalty and expand the customer base. In the rest of 2011, the target audiences of marketing activities are those corporate enterprises and consumers with high consumption power. The Directors believe that the implementation of new computerised system could provide a platform to enhance our interaction with the VIP customers. As at 30 June 2011, the Group has approximately 636,000 VIP customers, representing an increase from approximately 500,000 customers as at 31 December 2010. The sales from these VIP customers accounted for 67.8% of the Group's total gross sales proceeds.

### OUTLOOK

In respect of the second half of 2011, the Directors are optimistic about the PRC's economic development and believe that the PRC government will continue to promote the domestic consumption which could further drive the growth of the retail market in China.

### Expansion into second- to third-tier cities in Guangdong and Hunan Provinces

The Group targets to open four department stores in 2011 and four to five department stores in 2012 with a total GFA of 400,000 sq. m.. In view of the market potential in second- to third-tier cities in Guangdong and Hunan Provinces and leveraging the brand awareness of the existing stores in Shenzhen, the Group intends to establish a network of department stores in these regions. To achieve the 2011 sales target, the Group has already secured four locations in Dongguan for department stores to be open by the end of 2011. In the near future, the Group will continue its strategy to expand into the neighboring regions in Guangdong and Hunan Provinces in order to strengthen its leading position in the area.

### Upgrade of the information technology system

The Group has already commenced the upgrade of the information technology system and the first stage of which includes the basic infrastructure, enhancement of finance and business intelligence modules and the point-of-sale management functions is expected to be completed by the end of 2011. The Directors believe that the overall operational efficiency and management control will be improved and thus strengthen the competitive advantages of the Group.

## Chairman's Statement

### Enhancement of the distribution network and logistics system

The Group will enhance its distribution capability and services by the construction of a new distribution centre in Shenzhen, which is expected to commence business operations by the end of 2012. The new distribution centre will help to improve the inventory management and control systems which will increase the operational efficiency of the Group.

### New business development and potential merger and acquisition opportunities

The Group will continue to explore new business opportunities by opening new department stores or supermarkets. The Group will also continue to identify potential acquisition opportunities to further advance its footprint in the PRC, as well as to search for appropriate investment opportunities that will provide synergy to the existing business.

## CONCLUSION

On behalf of the board (the “**Board**”) of directors (the “**Directors**”), I would like to take this opportunity to express my sincere gratitude to all management and employees, business partners and customers of the Group for their continuous support. In addition, I would like to thank all of the Company's shareholders and investors for their ongoing support. We are all very excited about the Group's growth, and we are confident that the Group will make further progress and deliver good value to shareholders as a result of the continuing economic growth in the PRC.

**YANG Xiangbo**

*Chairman*

24 August 2011



## Management Discussion and Analysis

### FINANCIAL REVIEW

#### Total gross sales proceeds

The Group's total gross sales proceeds (representing the sum of revenue from direct sales, the total sales proceeds from concessionaire sales within the department stores and reversal of deferred income in respect of long-aged unredeemed pre-paid gift cards which Directors considered the likelihood of redemption was remote) grew to RMB1,153.4 million, representing an increase of 15.1% from RMB1,001.9 million during the same period of 2010. The increase was mainly attributable to the SSS growth of 10.2%, recognition of proceeds of RMB21.3 million from pre-paid gift cards which Directors consider the likelihood of redemption for such pre-paid gift cards was remote and the sales derived from Shajing and Minzhi stores opened in August and December 2010, respectively.

SSS growth increased to 10.2% for the first half of 2011 as compared to the growth of 4.8% recorded during the same period of 2010, principally attributable to the sales growth driven by Longzhu, Longgang and Changsha stores with the increased brand recognition and the strong pedestrian flow into these stores.

Revenue from direct sales amounted to RMB571.8 million, while total sales proceeds from concessionaire sales amounted to RMB560.3 million, accounting for 49.6% and 48.6%, respectively, of the Group's total gross sales proceeds.

The following table sets out the Group's total gross sales proceeds derived from the broad categories by which the Group manages its merchandise:

	For the six months ended 30 June			
	2011		2010	
	RMB million (unaudited)	%	RMB million (audited)	%
Electronics and home appliances	126.3	10.9	130.2	13.0
Clothes, apparel and bedding	295.3	25.6	282.6	28.2
Children's goods	33.0	2.9	29.4	2.9
Sporting and stationery goods	32.6	2.8	30.0	3.0
Food and beverages	473.6	41.1	391.3	39.1
Daily necessities and cosmetic goods	171.3	14.9	138.4	13.8
Others	21.3	1.8	–	–
	1,153.4	100.0	1,001.9	100.0

## Management Discussion and Analysis

### Turnover

The Group's turnover amounted to RMB713.8 million, representing an increase of 14.5% as compared to RMB623.4 million during the same period of 2010. The increase was primarily due to the growth in turnover generated from the direct sales and reversal of deferred income in respect of long-aged pre-paid gift cards for which Directors considered the likelihood of redemption was remote.

Direct sales increased by 13.7% to RMB571.8 million in the first half of 2011 from RMB503.0 million during the same period of 2010, principally due to the opening of Shajing and Minzhi stores in the second half of 2010, as well as the satisfactory growth in the sales generated from Longzhu, Longgang and Changsha stores with stronger customers' flow from the residents of newly constructed residential apartments. Direct sales as a percentage of the Group's total turnover was 80.1% in the first half of 2011 as compared to 80.7% in the same period of 2010.

Commission from concessionaire sales decreased by 3.8% to RMB98.7 million in the first half of 2011 from RMB102.7 million in the same period of 2010, mainly due to lower commission rates for concessionaire sales of the Shajing and Minzhi stores opened in the second half of 2010. The commission rate of concessionaire sales was 17.6% as compared to 20.6% in the same period of 2010. Commission from concessionaire sales as a percentage of the Group's total turnover was 13.8% in the first half of 2011 as compared to 16.5% in the same period of 2010.

Rental income increased by 24.7% to RMB22.1 million in the first half of 2011 from RMB17.7 million in the same period of 2010, mainly due to the contribution by Shajing and Minzhi stores which opened in the second half of 2010 in which the portion of the sublease rental area is relatively high and the increase in the sublease rental income from Longgang store through improvement in the lease terms for new tenants in the first half of 2011. Rental income as a percentage of the Group's total turnover was 3.1% as compared to 2.8% in the same period of 2010.

Others represented the reversal of deferred income in respect of long-aged pre-paid gift cards of RMB21.3 million for which Directors considered the likelihood of redemption was remote.



## Management Discussion and Analysis

### Other operating revenue

Other operating revenue increased by 9.8% to RMB75.2 million in the first half of 2011 from RMB68.4 million in the same period of 2010, mainly due to the increase in advertisement and promotional income which is proportionate to the increase in sales.

### Other net income

Other net income decreased by 12.3% to RMB0.7 million in the first half of 2011 from RMB0.8 million in the same period of 2010.

### Purchases of and changes in inventories

Purchase of and changes in inventories amounted to RMB488.7 million in the first half of 2011, representing an increase of 13.3% as compared to RMB431.4 million in the same period of 2010, which is consistent with the increase in the turnover from direct sales.

As a percentage of turnover from direct sales, purchases of and changes in inventories was 85.5% in the first half of 2011 as compared to 85.8% in the same period of 2010.

### Personnel costs

Personnel costs increased by 28.1% to RMB58.5 million in the first half of 2011 from RMB45.7 million in the same period of 2010, primarily due to the recruitment of new employees for Shajing and Minzhi stores opened in the second half of 2010 and compliance with the minimum wage policy in PRC.

Personnel costs of the Group as a percentage of turnover increased to 8.2%, representing a rise of 0.9% as compared to 7.3% for the same period in 2010.

## Management Discussion and Analysis

### Depreciation

Depreciation increased by 23.1% to RMB18.8 million in the first half of 2011 from RMB15.2 million in the same period of 2010, primarily attributable to the addition of property, plant and equipment for Shajing and Minzhi stores opened in the second half of 2010.

Depreciation of the Group as a percentage of turnover increased to 2.6%, representing a rise of 0.2% as compared to 2.4% for the same period in 2010.

### Operating lease rental expense

Operating lease rental expense increased by 10.9% to RMB59.5 million in the first half of 2011 from RMB53.7 million in the same period of 2010. This increase was mainly attributable to the additional operating leases entered into for the Shajing and Minzhi stores opened in the second half of 2010.

Operating lease rental expense of the Group as a percentage of turnover decreased to 8.3%, representing a decrease of 0.3% as compared to 8.6% for the same period in 2010.

### Other expenses

Other expenses, which mainly comprised utility expenses, advertising, marketing, promotion and related expenses, other tax expenses, bank charges and maintenance expenses, increased by 47.0% to RMB49.9 million in the first half of 2011 from RMB34.0 million in the same period of 2010. This was primarily due to promotion and utility expenses of Shajing and Minzhi stores opened in last year and enhancement of ancillary facilities for existing stores in 2011.

Other expenses of the Group as a percentage of turnover increased to 7.0%, representing a rise of 1.5% as compared to 5.5% for the same period in 2010.

### Profit from operations

As a result of the reasons mentioned above, the Group's profit from operations increased by 1.4% to RMB114.3 million in the first half of 2011 from RMB112.7 million in the same period of 2010.



## Management Discussion and Analysis

### Finance income

Finance income increased by 205.8% to RMB11.7 million in the first half of 2011 from RMB3.8 million in the same period of 2010, primarily attributable to the significant increase in bank deposit of net proceeds received from the initial public offering of the Shares in November 2010.

### Finance costs

Finance costs decreased by 17.8% to RMB0.8 million from RMB0.9 million in the same period of 2010. The decrease was mainly due to lower interest rate of the short-term bank loan entered in the first half of this year.

### Income tax expense

Income tax expense amounted to RMB30.4 million, representing an increase of 18.9% from RMB25.6 million in the first half of 2010. The effective tax rate applicable to the Group was 24.3%, which was a result of the increase in the enterprise income tax rate applicable to Shenzhen from 22% to 24%. In addition, pursuant to the PRC Corporate Income Tax Law, the Group is liable to withholding taxes on dividends distributed by subsidiaries established in China. The applicable tax rate for the Group is 5%.

### Profit attributable to equity shareholders of the Company

As a result of the aforementioned, profit attributable to equity shareholders of the Company increased by 5.3% from RMB90.1 million in the first half of 2010 to RMB94.9 million in the same period of 2011.

## Management Discussion and Analysis

### LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2011, the Group's cash and cash equivalents amounted to RMB1,882.4 million, representing an increase by RMB146.4 million from RMB1,736.0 million as at 31 December 2010, mainly due to the net effect of borrowing of new bank loan and cash outflow for trade and other payable in the first half of this year. The cash and cash equivalents, which were in Hong Kong dollars and Renminbi, were held at banks in Hong Kong as short-term deposits for interest income and deposited with banks in the PRC.

As at 30 June 2011, the Group's outstanding bank borrowing amounted to RMB249.5 million (31 December 2010: Nil). The borrowings are denominated in Hong Kong dollars of fixed interest rate of 1.104% per annum and will mature in the first half of 2012. The debt to total assets ratio of the Group expressed as a percentage of interest-bearing bank loans over the total assets was 9.2% as at 30 June 2011.

#### Net current assets and net assets

The net current assets of the Group as at 30 June 2011 were RMB1,353.7 million (31 December 2010: RMB1,263.9 million), representing an increase of RMB89.8 million. The net assets of the Group as at 30 June 2011 increased to RMB1,615.8 million (31 December 2010: RMB1,531.0 million), representing an increase of 5.5%.

### FOREIGN EXCHANGE EXPOSURE

The Group mainly operates in the PRC with most of its transactions settled in RMB. Certain cash and bank balances of the Group are denominated in HKD and the Company pays dividends in HKD which exposes the Group to foreign exchange risks arising from the translation of HKD against RMB. For the six months ended 30 June 2011, the Group recorded a net foreign exchange loss of RMB4.2 million. The Group did not use any forward contracts, currency borrowings or other means to hedge its foreign currency exposure.





## **Management Discussion and Analysis**

### **EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2011, the total number of employees of the Group was 2,877. The Group's remuneration policy is determined with reference to market conditions and the performance, qualifications and experience of individual employees.

### **CONTINGENT LIABILITIES**

As at 30 June 2011, the Group did not have any significant contingent liabilities.

### **FUTURE PLAN FOR MATERIAL INVESTMENT**

As at 30 June 2011, the Directors did not have any future plan for material investment.

## Independent Review Report

To the board of directors of

**Shirble Department Store Holdings (China) Limited**

*(Incorporated in the Cayman Islands with limited liability)*

### INTRODUCTION

We have reviewed the interim financial report set out on pages 19 to 42 which comprises the consolidated statement of financial position of Shirble Department Store Holdings (China) Limited (the "**Company**") as of 30 June 2011 and the related consolidated statement of comprehensive income and statement of changes in equity and condensed consolidated statement of cash flows for the six month period then ended and explanatory notes. The Rules Governing the Listing Securities on the Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report 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 the interim financial report consists of making enquiries, 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.



## Independent Review Report

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

### KPMG

#### ***Certified Public Accountants***

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

24 August 2011

## Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2011 – unaudited  
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2011 RMB'000 (unaudited)	2010 RMB'000 (audited)
<b>Turnover</b>	5	713,845	623,363
Other operating revenue	6	75,163	68,446
Other net income	6	701	799
Purchase of and changes in inventories	7(c)	(488,687)	(431,357)
Personnel costs	7(b)	(58,527)	(45,672)
Depreciation	7(c)	(18,759)	(15,234)
Operating lease rental expense	7(c)	(59,519)	(53,651)
Other expenses		(49,904)	(33,953)
<b>Profit from operations</b>		114,313	112,741
Finance income		11,745	3,841
Finance costs		(764)	(929)
Net finance income	7(a)	10,981	2,912
<b>Profit before tax</b>	7	125,294	115,653
Income tax expense	8	(30,403)	(25,573)
<b>Profit for the period</b>		94,891	90,080
<b>Other comprehensive income</b>			
Exchange differences on translation of financial statements of overseas subsidiaries		90	–
<b>Total comprehensive income for the period</b>		94,981	90,080

The notes on pages 26 to 42 form part of this unaudited interim financial report.



## Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2011 – unaudited

(Expressed in Renminbi)

	Note	Six months ended 30 June <b>2011</b> <b>RMB'000</b> <b>(unaudited)</b>	2010 RMB'000 (audited)
<b>Profit attributable to:</b>			
Equity shareholders of the Company		94,891	90,080
<b>Profit for the period</b>		94,891	90,080
<b>Total comprehensive income attributable to:</b>			
Equity shareholders of the Company		94,981	90,080
<b>Total comprehensive income for the period</b>		94,981	90,080
		<b>RMB</b>	RMB
<b>Earnings per share</b>			
Basic and diluted earnings per share (RMB)	9	0.04	0.05

The notes on pages 26 to 42 form part of this unaudited interim financial report.

## Consolidated Statement of Financial Position

At 30 June 2011 – unaudited  
(Expressed in Renminbi)

	Note	At 30 June 2011 RMB'000 (unaudited)	At 31 December 2010 RMB'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	222,328	232,978
Deferred tax assets		41,502	36,243
		263,830	269,221
<b>Current assets</b>			
Inventories	11	203,688	215,538
Trade and other receivables	12	358,574	151,587
Held-to-maturity investments		–	85,093
Cash and cash equivalents	13	1,882,427	1,735,974
		2,444,689	2,188,192
<b>Current liabilities</b>			
Trade and other payables	14	808,875	893,569
Interest-bearing borrowings		249,486	–
Income tax payables		32,633	30,757
		1,090,994	924,326
<b>Net current assets</b>		1,353,695	1,263,866
<b>Total assets less current liabilities</b>		1,617,525	1,533,087
<b>Non-current liabilities</b>			
Deferred tax liabilities		1,750	2,043
		1,750	2,043
<b>Net assets</b>		1,615,775	1,531,044

The notes on pages 26 to 42 form part of this unaudited interim financial report.



## Consolidated Statement of Financial Position

At 30 June 2011 – unaudited

*(Expressed in Renminbi)*

	Note	At 30 June 2011 RMB'000 (unaudited)	At 31 December 2010 RMB'000 (audited)
<b>Capital and reserves</b>			
Share capital	15(a)	214,318	214,318
Reserves	15(b)	1,401,457	1,316,726
Total equity		1,615,775	1,531,044

Approved and authorised for issue by the Directors of Shirble Department Store Holdings (China) Limited on 24 August 2011.

YANG Xiangbo )  
 )  
 )  
 ) Directors  
 YANG Xiaomei )  
 )  
 )

The notes on pages 26 to 42 form part of this unaudited interim financial report.

## Consolidated Statement of Changes in Equity

For the six months ended 30 June 2011 – unaudited  
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company							Total equity RMB'000
	Share	Share	Merger	Statutory	Translation	Retained		
	capital	premium	reserve	reserves	reserve	earnings		
	Note	Note	Note	Note	Note	Note		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
	Note	Note	Note	Note	Note			
	15(a)	15(b)(i)	15(b)(ii)	15(b)(iii)	15(b)(iv)			
<b>Balance at 1 January 2010</b>								
<b>(audited)</b>		107,380	-	-	55,515	-	99,326	262,221
Total comprehensive income								
for the period		-	-	-	-	-	90,080	90,080
Dividends to equity								
shareholders	15(c)(ii)	-	-	-	-	-	(30,000)	(30,000)
Arising from the reorganisation								
of the Group		(107,372)	-	107,372	-	-	-	-
<b>Balance at 30 June 2010</b>								
<b>and 1 July 2010 (audited)</b>		8	-	107,372	55,515	-	159,406	322,301
<b>Changes in equity for the</b>								
<b>six months ended</b>								
<b>31 December 2010:</b>								
Total comprehensive income								
for the period		-	-	-	-	93	110,002	110,095
Issuance of shares by initial								
public offering, net								
of issuance costs	15(a)(iv)	53,580	1,055,068	-	-	-	-	1,108,648
Capitalisation issue	15(a)(v)	160,730	(160,730)	-	-	-	-	-
Dividends to								
equity shareholders	15(c)(ii)	-	-	-	-	-	(10,000)	(10,000)
Appropriation to reserves		-	-	-	20,660	-	(20,660)	-
<b>Balance at 31 December 2010</b>								
<b>(audited)</b>		214,318	894,338	107,372	76,175	93	238,748	1,531,044

The notes on pages 26 to 42 form part of this unaudited interim financial report.





## Consolidated Statement of Changes in Equity

For the six months ended 30 June 2011 – unaudited

(Expressed in Renminbi)

	Attributable to equity shareholders of the Company						
	Share capital	Share premium	Merger reserve	Statutory reserves	Translation reserve	Retained earnings	Total equity
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 15(a)	Note 15(b)(i)	Note 15(b)(ii)	Note 15(b)(iii)	Note 15(b)(iv)		
<b>Balance at 1 January 2011 (audited)</b>	214,318	894,338	107,372	76,175	93	238,748	1,531,044
<b>Changes in equity for the six months ended 30 June 2011:</b>							
Total comprehensive income for the period	-	-	-	-	90	94,891	94,981
Dividends to equity shareholders	15(c)(i)	-	-	-	-	(10,250)	(10,250)
<b>Balance at 30 June 2011 (unaudited)</b>	214,318	894,338	107,372	76,175	183	323,389	1,615,775

The notes on pages 26 to 42 form part of this unaudited interim financial report.

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2011 – unaudited  
(Expressed in Renminbi)

	Six months ended 30 June	
	2011 RMB'000 (unaudited)	2010 RMB'000 (audited)
<b>Cash generated from operations</b>	19,641	69,502
<b>Tax paid</b>	(34,079)	(39,587)
<b>Net cash (used in)/generated from operating activities</b>	(14,438)	29,915
<b>Net cash used in investing activities</b>	(78,417)	(16,035)
<b>Net cash generated from financing activities</b>	239,308	4,500
<b>Net increase in cash and cash equivalents</b>	146,453	18,380
<b>Cash and cash equivalents at 1 January</b>	1,735,974	317,914
<b>Cash and cash equivalents at 30 June</b>	1,882,427	336,294

The notes on pages 26 to 42 form part of this unaudited interim financial report.



## Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2011

*(Expressed in Renminbi unless otherwise indicated)*

### 1 REORGANISATION AND BASIS OF PREPARATION

Shirble Department Store Holdings (China) Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liabilities on 5 November 2008 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

Pursuant to a reorganisation (the “**Reorganisation**”) of the Company and its subsidiaries (collectively referred to as the “**Group**”) to rationalise the Group’s structure in preparation for the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the Company became the holding company of the subsidiaries now comprising the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 5 November 2010 (the “**Prospectus**”). The Company’s shares were listed on the Stock Exchange on 17 November 2010.

Since all entities which took part in the Reorganisation were under common control of a group of ultimate shareholders, the Group is regarded as a continuing entity resulting from the Reorganisation of entities under common control. These unaudited interim financial reports have been prepared on the basis that the current group structure had been in existence at the beginning of the earliest period presented. Accordingly, the consolidated results of the Group for the six months ended 30 June 2010 and 2011 include the results of the Company and its subsidiaries with effect from 1 January 2010 or, if later, since their respective dates of incorporation as if the current group structure had been in existence throughout the two periods presented. All material intra-group transactions and balances have been eliminated on consolidation.

## Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2011  
(Expressed in Renminbi unless otherwise indicated)

### 2 BASIS OF PREPARATION

The Company has a financial year end date of 31 December. The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard 34 ("**IAS 34**") "Interim Financial Reporting", issued by International Accounting Standards Board ("**IASB**").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2010 audited financial statements, except for the accounting policy changes that are expected to be reflected in the 2011 annual financial statements. Details of these changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2010 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standard ("**IFRSs**").

The interim financial report is unaudited, but has been reviewed by KPMG 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. KPMG's independent review report to the Board of Directors is included on pages 17 to 18.

The financial information relating to the financial year ended 31 December 2010 that is included in the interim financial report as being previously reported information does not constitute the company's statutory financial statements for the financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2010 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 24 March 2011.



## Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2011

(Expressed in Renminbi unless otherwise indicated)

### 3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of amendments to IFRSs and includes all applicable individual IASs or Interpretation that are first effective for the current accounting period of the Group:

- IAS 24 (revised 2009), *Related party disclosures*
- Improvements to IFRSs (2010)

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The remaining developments related primarily to clarification of certain disclosure requirements applicable to the Group's financial statements. These developments have had no material impact on the contents of this interim financial report.

### 4 SEGMENT INFORMATION

The directors consider that the Group operates in a single business segment, i.e. operation and management of department stores in the People's Republic of China (the "PRC"). Accordingly no segmental analysis is presented.

The information reported to the Chairman of the Company, who is the Group's chief operating decision maker for the purpose of resource allocation and assessment of performance is prepared based on the overall operation of department stores in the PRC, which is the only operating and reporting segment of the Group. All revenues from external customers during the period are generated in the PRC and all significant operating assets of the Group are located in the PRC.

## Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2011  
(Expressed in Renminbi unless otherwise indicated)

### 5 TURNOVER

Turnover mainly represents the direct sales, commission from concessionaire sales and rental income. The amount of each significant category of revenue recognised is as follows:

	Note	Six months ended 30 June	
		2011	2010
		RMB'000	RMB'000
		(unaudited)	(audited)
Direct sales		571,772	503,003
Commission from concessionaire sales		98,746	102,661
Rental income	(i)	22,076	17,699
Others		21,251	–
		713,845	623,363

(i) The rental income from the leasing of shop premises is analysed as follows:

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(unaudited)	(audited)
Sublease rental income	18,249	15,403
Contingent rental income	3,827	2,296
	22,076	17,699



## Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2011

(Expressed in Renminbi unless otherwise indicated)

### 6 OTHER OPERATING REVENUE AND OTHER NET INCOME

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(unaudited)	(audited)
<b>Other operating revenue</b>		
Advertisement and promotion income	64,208	62,256
Credit card handing income	10,271	5,874
Others	684	316
	75,163	68,446
<b>Other net income</b>		
Net (loss)/gain on disposal of property, plant and equipment	(23)	14
Others	724	785
	701	799

### 7 PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

#### (a) Net finance income

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(unaudited)	(audited)
Net gain on disposal of held-for-trading investments	-	(155)
Interest income	(11,745)	(3,686)
Finance income	(11,745)	(3,841)
Interest expense	764	929
Finance costs	764	929
Net finance income	(10,981)	(2,912)

## Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2011  
(Expressed in Renminbi unless otherwise indicated)

### 7 PROFIT BEFORE TAX (continued)

#### (b) Personnel costs

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(unaudited)	(audited)
Wages, salaries, and other benefits	56,040	43,787
Contribution to defined contribution plans	2,487	1,885
	58,527	45,672

Personnel costs include directors' remuneration.

#### (c) Other items

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(unaudited)	(audited)
Purchase of and changes in inventories	488,687	431,357
Depreciation	18,759	15,234
Operating lease rental expense	59,519	53,651





## Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2011

(Expressed in Renminbi unless otherwise indicated)

### 8 INCOME TAX EXPENSE

Income tax expense in the consolidated statement of comprehensive income represents:

	Six months ended 30 June	
	<b>2011</b>	2010
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(audited)
<b>Current tax expense</b>		
Provision for the period	34,934	29,779
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(4,531)	(4,206)
	<b>30,403</b>	<b>25,573</b>

- (i) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.
- (ii) No provision for Hong Kong Profits Tax was made for the subsidiaries incorporated in Hong Kong as these subsidiaries did not have assessable profits subject to Hong Kong Profits Tax during the period. The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.
- (iii) The applicable income tax rates for PRC subsidiaries in 2011 were ranged from 24% to 25% (2010: 22% to 25%).
- (iv) Pursuant to the New Tax Law in the PRC, 10% withholding tax is levied on foreign investors (5% for foreign investors who are registered in Hong Kong provided they meet certain criteria) in respect of dividend distributions arising from a foreign investment enterprise's profit earned after 1 January 2008. As of 30 June 2011, deferred tax liabilities of RMB1,750,000 (31 December 2010: RMB2,043,000) have been recognised in respect of the tax that would be payable on the distribution of the retained profits of the Group's PRC subsidiaries.

## Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2011  
(Expressed in Renminbi unless otherwise indicated)

### 9 EARNINGS PER SHARE

#### (a) Basic earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to equity shareholders of the Company for the period of RMB94,891,000 (six months ended 30 June 2010: RMB90,080,000) and the weighted average number of 2,500,000,000 (six months ended 30 June 2010: 1,875,000,000) shares in issue during the interim period.

The weighted average number of shares in issue during the six months ended 30 June 2010 was based on the assumption that the 1,875,000,000 shares before the listing of shares on the Stock Exchange were in issue, as if such shares had been outstanding through six months ended 30 June 2010.

#### (b) Diluted earnings per share

There were no dilutive potential ordinary shares for the six months ended 30 June 2011 and 2010, and therefore, the basic and diluted earnings per share are the same.

### 10 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2011, the Group acquired items of equipment with costs of RMB8,449,000 in total (six months ended 30 June 2010: RMB19,025,000). Items of equipment with a net book value of RMB340,000 were disposed of during the six months ended 30 June 2011 (six months ended 30 June 2010: RMB291,000), resulting a loss on disposal of RMB23,000 (six months ended 30 June 2010: gain of RMB14,000).



## Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2011

(Expressed in Renminbi unless otherwise indicated)

### 11 INVENTORIES

No inventory provision was made as at 31 December 2010 and 30 June 2011. The inventories as at 31 December 2010 and 30 June 2011 were stated at cost.

### 12 TRADE AND OTHER RECEIVABLES

	<b>At</b>	At
	<b>30 June</b>	31 December
	<b>2011</b>	2010
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(audited)
Trade receivables	8,406	4,107
Prepayments in connection with construction work and acquisition of property, plant and equipment	248,642	80,903
Deposits, other prepayments and other receivables	95,686	66,577
Amounts due from related parties (note 16(b))	5,840	–
	<b>358,574</b>	<b>151,587</b>

Retail sales to individual consumers are usually settled in cash or by debit card or credit card. The Group has a policy of allowing a credit period ranging from 0 to 60 days to its corporate customers depending on the customers' relationship with the Group, their credit worthiness and settlement record.

An ageing analysis of trade receivables of the Group is as follows:

	<b>At</b>	At
	<b>30 June</b>	31 December
	<b>2011</b>	2010
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(audited)
Within one month	8,406	4,107

## Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2011  
(Expressed in Renminbi unless otherwise indicated)

### 13 CASH AND CASH EQUIVALENTS

	<b>At</b>	At
	<b>30 June</b>	31 December
	<b>2011</b>	2010
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(audited)
Deposit with banks within three months of maturity	331,824	90,000
Cash at banks and on hand	1,550,603	1,645,974
	<b>1,882,427</b>	<b>1,735,974</b>

### 14 TRADE AND OTHER PAYABLES

	<b>At</b>	At
	<b>30 June</b>	31 December
	<b>2011</b>	2010
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(audited)
Advance received from customers	331,530	389,859
Trade and bills payables	259,963	278,054
Rental payables	95,824	86,959
Other taxes payables	49,221	49,213
Deferred income	26,034	24,834
Accrued wages and salaries	6,109	12,888
Other payables and accruals	39,458	46,282
Amounts due to related parties (note 16(b))	736	5,480
	<b>808,875</b>	<b>893,569</b>

Amounts due to related parties at 31 December 2010 and 30 June 2011 are unsecured, interest-free and repayable on demand.



## Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2011

(Expressed in Renminbi unless otherwise indicated)

### 14 TRADE AND OTHER PAYABLES (continued)

An ageing analysis of trade and bills payables of the Group is as follows:

	<b>At</b>	At
	<b>30 June</b>	31 December
	<b>2011</b>	2010
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(audited)
Within three months	165,516	220,866
Over three months but within one year	69,151	44,244
Over one year	25,296	12,944
	<b>259,963</b>	<b>278,054</b>

### 15 CAPITAL, RESERVES AND DIVIDENDS

#### (a) Share capital

Pursuant to the Reorganization, the Company became the holding company of the Group. The share capital in the consolidated statement of financial position as at 31 December 2010 and 30 June 2011 represents the issued and paid-up share capital of the Company at the reporting date.

- (i) The Company was incorporated in the Cayman Islands on 5 November 2008 with an authorised share capital of HK\$380,000 divided into 3,800,000 Shares of HK\$0.10 each. On the same date, one Share was subscribed by Codan Trust Company (Cayman) Limited which was subsequently transferred to Mr. YANG Xiangbo. On the same date, an additional 914 Shares was allotted and issued to Mr. YANG Xiangbo, 60 Shares were allotted and issued to Madam YANG Xiaomei and 25 Shares were allotted and issued to Mr. LI Zuolin.

## Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2011

(Expressed in Renminbi unless otherwise indicated)

### 15 CAPITAL, RESERVES AND DIVIDENDS (continued)

#### (a) Share capital (continued)

- (ii) On 5 August 2009, Shenzhen Shirble Department Store Co., Ltd. (“**Shirble Department Store (Shenzhen)**”) acquired all the equity interest of Shenzhen Shirble Chain Store Limited Liability Company (“**Shirble Chain Store**”) amounting to RMB10,000,000, which was previously held by Shenzhen Ruizhuo Investment Development Co., Ltd. (“**Ruizhuo Investment**”) and Shenzhen Hengda Investment Development Co., Ltd. (“**Hengda Investment**”), at a consideration of the same amount. Accordingly, the share capital of Shirble Chain Store was eliminated in preparing the consolidated statement of financial position from that date.

On 9 December 2009, the Company, Shirble Department Store Investment Limited (“**Shirble Hong Kong**”) and Shirble Department Store Limited (“**Shirble BVI**”) entered into a share exchange agreement pursuant to which Shirble BVI transferred the entire equity interest in Shirble Department Store (Shenzhen) to Shirble Hong Kong, a wholly owned subsidiary of the Company, in exchange for 87,751 ordinary shares of HKD0.10 each issued by the Company. The transfer was approved by the relevant PRC government authorities on 11 March 2010.

On 15 June 2010, a share exchange agreement was entered into whereby Homey Enterprises Limited (“**Homey Enterprises**”) and Kwan Mei Enterprise Limited (“**Kwan Mei Enterprise**”) transferred to Xiang Rong Investment Limited (“**Xiang Rong Investment**”) their shareholding in Shirble BVI, in consideration of Xiang Rong Investment paying an aggregate amount equal to the par value of the new shares as consideration for the Company to allot and issue to Homey Enterprises and Kwan Mei Enterprise 7,940 new Shares and 3,309 new Shares, respectively.

- (iii) Pursuant to the written resolution passed at the board of directors’ meeting on 18 June 2010, the authorised share capital of the Company was increased from HKD380,000 to HKD1,500,000,000 comprising 15,000,000,000 shares of HKD0.10 each.



## Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2011

(Expressed in Renminbi unless otherwise indicated)

### 15 CAPITAL, RESERVES AND DIVIDENDS (continued)

#### (a) Share capital (continued)

- (iv) On 17 November 2010, 625,000,000 ordinary shares of HKD0.10 each were issued at a price of HKD2.20 per share under the initial public offering. Proceeds of HKD62,500,000 (equivalent to RMB53,580,000) representing the par value, were credited to the Company's share capital and the excess of the proceeds over the nominal value of the total number of ordinary shares issued after offsetting issuance costs of RMB70,099,000, which amounted to RMB1,055,068,000, were credited to the share premium account of the Company.
- (v) Pursuant to a written resolution of the then shareholders of the Company passed on 30 October 2010, 1,874,900,000 shares of HKD0.10 each in the Company were issued at par value on 17 November 2010 to the Company's existing shareholders as at 30 October 2010 by way of capitalisation of HKD187,490,000 (equivalent to RMB160,730,000) from the share premium account.

#### (b) Reserves

##### (i) Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands. Under the Companies Law of the Cayman Islands, the funds in share premium account are distributable to shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

## Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2011  
(Expressed in Renminbi unless otherwise indicated)

### 15 CAPITAL, RESERVES AND DIVIDENDS (continued)

#### (b) Reserves (continued)

##### (ii) Merger reserve

Merger reserve arising from the Reorganisation represents the excess of the paid-in capital of Shirble Department Store (Shenzhen) over the consideration paid by the Company, representing the nominal value of the shares issued by the Company in exchange thereof.

##### (iii) Statutory reserves

Statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC. Appropriations to the reserves were approved by the respective boards of directors' meeting.

For the entity concerned, statutory reserves can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

##### (iv) Translation Reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

#### (c) Dividends

- (i) Pursuant to the shareholders' approval at the Annual General Meeting on 25 May 2011, a final dividend of RMB0.41 cents per share totalling RMB10,250,000 in respect of the year ended 31 December 2010 was declared. Such dividend was fully paid.
- (ii) Pursuant to a resolution passed at the board of directors' meeting on 17 June 2010 and 17 September 2010, dividends of RMB30,000,000 and RMB10,000,000 were declared by the Company to its shareholders. Such dividends were fully paid.
- (iii) The interim dividend declared after the interim period end date has not been recognised as a liability at the reporting date.





## Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2011

(Expressed in Renminbi unless otherwise indicated)

### 16 RELATED PARTY TRANSACTIONS

During the six-month period ended 30 June 2011, the directors are of the view that related parties of the Group include the following individuals/companies:

<b>Name of party</b>	<b>Relationship</b>
Ruizhuo Investment	Owned in equal shares by Mr. YANG Xiangbo's nephew and niece
Hengda Investment	Ultimately Controlled by Mr. YANG Xiangbo, one of the Controlling Shareholders (as defined in the Prospectus)
Shenzhen Guozhan Investment Development Co., Ltd. (" <b>Shenzhen Guozhan</b> ")	Wholly-owned by Mr. YANG Xiangbo's brother-in-law and niece, who is one of the equity interest holders of Ruizhuo Investment
Luhe County Shirble Inn (" <b>Shirble Inn</b> ")	Controlled by Mr. YANG Xiangbo, one of the Controlling Shareholders
Shirble Property Management (Shenzhen) Co., Ltd. (" <b>Shirble Property Management</b> ")	Controlled by Mr. YANG Xiangbo, one of the Controlling Shareholders
Mr. YANG Xiangbo	One of the Controlling Shareholders

## Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2011  
(Expressed in Renminbi unless otherwise indicated)

### 16 RELATED PARTY TRANSACTIONS (continued)

#### (a) Significant related party transactions

	Six months ended 30 June	
	2011 RMB'000 (unaudited)	2010 RMB'000 (audited)
<i>Recurring transactions:</i>		
<b>Rental expenses</b>		
Ruizhuo Investment	728	728
Shenzhen Guozhan	4,119	4,118
Shirble Inn	99	99
Shirble Property Management	–	209
	4,946	5,154
<b>Prepaid rental fee to</b>		
Shenzhen Guozhan	5,840	–
<i>Non-recurring transactions:</i>		
<b>Advances to</b>		
Hengda Investment	–	27,000
Shenzhen Guozhan	–	3,000
	–	30,000
<b>Repayment of advances from</b>		
Hengda Investment	–	(13,533)
Mr. Yang Xiangbo	–	(9,381)
	–	(22,914)
<b>Dispose a property to</b>		
Ruizhuo Investment	–	297



## Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2011

(Expressed in Renminbi unless otherwise indicated)

### 16 RELATED PARTY TRANSACTIONS (continued)

#### (b) Balances with related parties

	At 30 June 2011 RMB'000 (unaudited)	At 31 December 2010 RMB'000 (audited)
<b>Amounts due to</b>		
Ruizhuo Investment	476	389
Shirble Property Management	260	260
Shenzhen Guozhan	–	4,831
	736	5,480
<b>Amounts due from</b>		
Shenzhen Guozhan	5,840	–

The outstanding balances with these related parties are unsecured, interest-free and have no fixed repayment terms.

### 17 CAPITAL COMMITMENT

As at 30 June 2011, the total amount of the Group's capital expenditure commitments was RMB322,624,000 (as at 31 December 2010: RMB177,894,000)

### 18 POST BALANCE SHEET EVENT

On 24 August 2011, the Board of Directors have resolved to declare an interim dividend of RMB1.33 cents per share totalling RMB33,250,000.

## Other Information

### CORPORATE GOVERNANCE PRACTICES

The Company recognized the importance of good corporate governance to the Group's success and therefore is committed to achieving and maintaining high standards of corporate governance. The Company has applied the principles and code provisions set out in the Code on Corporate Governance Practice (the "**Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange (the "**Listing Rules**").

In the opinion of the Directors, the Company has complied with the code provisions set out in the Code for the six months ended 30 June 2011.

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Having made specific enquiries of all the Directors, the Company confirmed that they have complied with the Model Code during the six months ended 30 June 2011.

### AUDIT COMMITTEE

Pursuant to the requirements of the Code, the Company has set up an audit committee solely with the Independent Non-executive Directors. The audit committee comprises three Independent Non-executive Directors, namely, Ms. Zhao Jinlin, Mr. Chen Fengliang and Mr. Jiang Hongkai. Ms Zhao Jinlin is the Chairman of the audit committee and possesses relevant accounting expertise. None of the members of the audit committee is a former partner of the Company's existing external auditors.

The primary responsibilities of audit committee are to review and supervise the Group's financial reporting process and internal control system, monitor the relationship with the Company's external auditors and the integrity of the financial statements.

### INTERIM DIVIDEND

The Board has declared an interim dividend of RMB1.33 cents (2010: Nil) per Share for the six months ended 30 June 2011 to be payable by way of cash in Hong Kong dollars. The amount is to be calculated by reference to the mid-rate published by People's Bank of China for the conversion of Renminbi to Hong Kong dollars as at 16 September 2011.



## Other Information

The interim dividend will be paid on or about 23 September 2011 to the Shareholders whose name appears on the register of members of the Company at the close of business on 16 September 2011.

### CLOSURE OF REGISTER OF MEMBERS

The Company's register of members will be closed from 14 September 2011 to 16 September 2011, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for entitlement to the 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, not later than 4:30 p.m. on 12 September 2011.

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2011, the interests of the directors of the Company in the shares of the Company and its associated corporations as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance (the "SFO"); or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code set out in the Listing Rules were as follows:

#### (a) Long positions in Shares of the Company

Name of director	Capacity	Number of shares	Percentage of shareholding
Mr. Yang Xiangbo <sup>1</sup>	Interest in a controlled corporation	1,662,487,500	66.5%
Madam Yang Xiaomei <sup>2</sup>	Interest in a controlled corporation	150,000,000	6%

Notes:

- (1) Mr. YANG is the beneficial owner of all the issued share capital of Xiang Rong Investment, which in turn owns the entire issued share capital of Shirble BVI and is deemed to be interested in the 1,662,487,500 Shares held by Shirble BVI.
- (2) Madam YANG Xiaomei is the beneficial owner of all the issued share capital of Homey Enterprises which holds 150,000,000 Shares and is deemed to be interested in the Shares held by Homey Enterprises.

## Other Information

### (b) Long positions in the shares of associated corporations

<b>Name of director</b>	<b>Name of associated corporations</b>	<b>Capacity</b>	<b>Number of shares</b>	<b>Percentage of shareholding</b>
Mr. Yang Xiangbo	Shirble BVI	Interest in a controlled corporation	50,000	100%
Mr. Yang Xiangbo	Xiang Rong Investment	Beneficial owner	100	100%
Madam Yang Xiaomei	Homey Enterprises	Beneficial owner	100	100%

Save as disclosed above, as at 30 June 2011, 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 of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code; nor had there been any grant or exercise of rights of such interests during the six months ended 30 June 2011.

### **SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY**

As at 30 June 2011, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company), had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly to be 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:

#### Long position in the shares of the Company

<b>Name</b>	<b>Capacity</b>	<b>Number of shares</b>	<b>Percentage of shareholding</b>
Shirble BVI	Beneficial owner	1,662,487,500	66.5%
Xiang Rong Investment	Interest in a controlled corporation	1,662,487,500	66.5%
Homey Enterprises	Beneficial owner	150,000,000	6%



## Other Information

Save as disclosed above, as at 30 June 2011, the Directors are not aware of any person who had any interests or short positions in shares or, underlying Shares 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, be 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

The Company adopted a Share Option Scheme (the “**Scheme**”) pursuant to the resolutions of the shareholders of the Company passed on 30 October 2010. The purpose of the Scheme is to recognise and acknowledge the contributions that the Group’s Directors and employees, customers, suppliers, agents, business or joint venture partners, consultants, distributors, promoters, service providers, advisors or contractors to any member of the Group have made or may make to the business development of the Group. Apart from the determination of the subscription price, the Directors will have an absolute discretion to impose performance targets on the option holders before any option that can be exercised with reference to the objectives of the Scheme. A consideration of HK\$1.0 will be payable upon acceptance of the offer. The Scheme will remain in force until 29 October 2020. Details of the Scheme were disclosed in the Company’s Prospectus.

Since the date of adoption of the Scheme and up to the date of this report, no options have been granted under the Scheme.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2011.

## Corporate Information

### DIRECTORS

#### Executive Directors:

Yang Xiangbo

Yang Xiaomei

#### Independent Non-executive Directors:

Zhao Jinlin

Chen Fengliang

Jiang Hongkai

### REGISTERED OFFICE

Cricket Square, Hutchins Drive

P.O. Box 2681, Grand Cayman KY1-1111

Cayman Islands

### PRINCIPAL PLACE OF BUSINESS AND HEADQUARTERS IN PRC

No. 30 Hongling South Road

Futian District

Shenzhen

PRC

### PLACE OF BUSINESS IN HONG KONG

Suite 1402, Dah Sing Financial Centre

108 Gloucester Road

Wanchai

Hong Kong

### COMPANY SECRETARY

Chan Chore Man, Germaine, CPA

### AUTHORISED REPRESENTATIVES

Yang Xiangbo

Chan Chore Man, Germaine, CPA

### AUDIT COMMITTEE OF THE BOARD

Zhao Jinlin (*Chairperson*)

Chen Fengliang

Jiang Hongkai

### REMUNERATION COMMITTEE OF THE BOARD

Chen Fengliang (*Chairperson*)

Yang Xiangbo

Jiang Hongkai

### NOMINATION COMMITTEE OF THE BOARD

Jiang Hongkai (*Chairperson*)

Yang Xiaomei

Zhao Jinlin

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Butterfield Fulcrum Group (Cayman)

Limited

Butterfield House

68 Fort Street

P.O. Box 609

Grand Cayman KY1-1107

Cayman Islands





## Corporate Information

### HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor  
Services Limited  
Shops 1712-16, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

### HONG KONG LEGAL ADVISORS

Squire, Sanders & Dempsey  
24th Floor, Central Tower  
28 Queen's Road Central  
Central, Hong Kong

### PRINCIPAL BANKERS

#### *In China*

Agricultural Bank of China  
Industrial and Commercial Bank of China  
Shenzhen Development Bank  
China Construction Bank  
Bank of Shanghai

#### *In Hong Kong*

The Hongkong and Shanghai Banking  
Corporation Limited  
UBS AG

### AUDITORS

KPMG  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

### COMPANY'S WEBSITE

[www.shirble.net](http://www.shirble.net)

### STOCK CODE

00312.HK

### COMPLIANCE ADVISER

Quam Capital Limited  
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11 Pedder Street  
Central  
Hong Kong