



# 銀泰百貨

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



INTIME 銀泰

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## 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 and its subsidiaries (the “Group”) are principally engaged in the operation and management of department stores in the People’s Republic of China (the “PRC”). The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 20 March 2007.

The Group commenced its department store business in 1998 when its first department store was established in Hangzhou, namely the Hangzhou Wulin store. After fourteen years of development, the Group has established a leading position in Zhejiang province and secured strategic footholds in Hubei province, Shaanxi province, Anhui province, Hebei province and Beijing. The Group holds equity interests in two domestically listed department store companies, namely Baida Group Co., Ltd. (“Baida”) and Wuhan Department Store Group Co., Ltd. (“Wushang”). The Group also holds a 50% equity interest in Beijing Youyi Lufthansa Shopping City Co., Ltd. Beijing Lufthansa Centre. Currently, the Group operates and manages a total of 29 stores with a total gross floor area of 1,252,939 square meters, including 18 department stores located in the principal cities of Zhejiang province, 6 department stores located in Hubei province, 1 store located in Beijing, 1 store located in Anhui province, 1 store located in Hebei province and 2 stores located in Shaanxi province.

The Group adopts “Bring you a new lifestyle” as its motto and has traditionally targeted young and modern families as its major customers. The Group focuses on operating trendy department stores while also actively developing comprehensive shopping malls. The Group positions its merchandise in the 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*)  
CHEN Xiaodong

#### Non-Executive Directors:

XIN Xiangdong  
LEE Ka Kit  
LIU Dong

#### Independent Non-Executive Directors:

SHI Chungui  
YU Ning  
CHOW Joseph

### REGISTERED OFFICE

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

### HEAD OFFICE

6th Floor, Yintai Centre Tower C  
2 Jianguomenwai Avenue  
Beijing 100022  
PRC  
Tel: +86 10 65639300  
Fax: +86 10 65688886  
Email: info@intime.com.cn

### COMPANY SECRETARY

CHOW Hok Lim *FCCA, CPA*

### AUTHORIZED REPRESENTATIVES

CHEN Xiaodong  
CHOW Hok Lim

### AUDIT COMMITTEE

CHOW Joseph (*Chairman*)  
SHI Chungui  
YU Ning

### REMUNERATION COMMITTEE

SHI Chungui (*Chairman*)  
YU Ning  
CHOW Joseph

### NOMINATION COMMITTEE

YU Ning (*Chairman*)  
SHI Chungui  
CHOW Joseph

### STRATEGIC DEVELOPMENT COMMITTEE

SHEN Guojun (*Chairman*)  
XIN Xiangdong

### LEGAL ADVISERS AS TO HONG KONG LAW

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

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1703, Tower II  
Admiralty Centre  
18 Harcourt Road  
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

#### Hong Kong

Bank of China (Hong Kong) Limited  
JPMorgan Chase Bank N.A.

#### PRC

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

### AUDITORS

Ernst & Young  
Certified Public Accountants

### STOCK CODE

1833

### COMPANY WEBSITE

[www.intime.com.cn](http://www.intime.com.cn)

## Interim Condensed Consolidated Income Statement

For the six months ended 30 June 2012

	Notes	For the six months period ended 30 June	
		2012 (Unaudited) RMB'000	2011 (Unaudited) RMB'000
<b>Revenue</b>	4	<b>1,871,040</b>	1,557,535
Other income and gains	5	332,769	212,513
Purchases of goods and changes in inventories	6	(593,581)	(464,805)
Staff costs	6	(242,649)	(220,391)
Depreciation and amortization	6	(190,627)	(136,155)
Other expenses		(589,389)	(449,469)
Share of profits and losses of:			
Jointly-controlled entities		(1,193)	(1,439)
Associates		140,002	136,486
Finance income	7	115,433	87,476
Finance costs	7	(94,747)	(76,367)
<b>Profit before tax</b>		<b>747,058</b>	645,384
Income tax expense	8	(171,234)	(139,231)
<b>Profit for the period</b>		<b>575,824</b>	506,153
<b>Attributable to:</b>			
Owners of the parent		547,329	481,417
Non-controlling interests		28,495	24,736
		<b>575,824</b>	506,153
<b>Interim dividends</b>	9	<b>199,749</b>	191,533
<b>Earnings per share attributable to ordinary equity holders of the parent (expressed in RMB per share)</b>			
Basic			
– For profit for the period	10	0.27	0.25
Diluted			
– For profit for the period	10	0.27	0.25

## Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2012

	For the six months period ended 30 June	
	2012 (Unaudited) RMB'000	2011 (Unaudited) RMB'000
<b>Profit for the period</b>	<b>575,824</b>	<b>506,153</b>
<b>Other comprehensive income</b>		
Share of other comprehensive loss of an associate	(366)	–
Exchange differences on translation of foreign operations	(23,938)	34,480
<b>Other comprehensive (loss)/income for the period, net of tax</b>	<b>(24,304)</b>	<b>34,480</b>
<b>Total comprehensive income for the period</b>	<b>551,520</b>	<b>540,633</b>
<b>Attributable to:</b>		
Owners of the parent	523,025	515,897
Non-controlling interests	28,495	24,736
	<b>551,520</b>	<b>540,633</b>

## Interim Condensed Consolidated Statement of Financial Position

30 June 2012

		30 June 2012 (Unaudited) RMB'000	31 December 2011 (Audited) RMB'000
	Notes		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	3,280,433	3,073,972
Investment properties	11	1,731,089	1,726,188
Prepaid land lease payments	11	2,395,339	2,954,790
Properties under development	11	844,705	96,604
Goodwill		560,085	560,085
Other intangible assets		31,304	32,042
Prepaid rental		60,077	59,125
Investment in a jointly-controlled entity		287,124	293,729
Interests in associates	12	2,441,539	2,519,602
Available-for-sale investments		38,979	41,724
Loans and receivables – third parties		–	100,000
Loans and receivables – related parties		685,110	923,258
Deferred tax assets		123,415	110,119
<b>Total non-current assets</b>		<b>12,479,199</b>	<b>12,491,238</b>
<b>CURRENT ASSETS</b>			
Inventories	14	224,107	294,485
Properties under development	11	359,554	713,569
Prepayments, deposits and other receivables	15	918,428	378,850
Loans and receivables – third parties		388,476	295,660
Loans and receivables – related parties		416,248	145,929
Due from related parties	26	806,947	662,417
Trade receivables		26,778	22,457
Cash in transit	16	105,490	132,314
Restricted bank balances	17	85,362	86,821
Cash and cash equivalents	17	931,075	1,779,253
<b>Total current assets</b>		<b>4,262,465</b>	<b>4,511,755</b>
Assets of disposal group classified as held for sale	13	1,042,968	237,669
<b>Total current assets</b>		<b>5,305,433</b>	<b>4,749,424</b>



## Interim Condensed Consolidated Statement of Financial Position

30 June 2012

	Notes	30 June 2012 (Unaudited) RMB'000	31 December 2011 (Audited) RMB'000
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	18	1,323,862	1,669,945
Other payables and accruals	19	2,930,123	3,546,853
Interest-bearing bank and other borrowings	20	759,161	281,909
Due to related parties	26	15,826	17,410
Tax payable		169,998	260,548
		<b>5,198,970</b>	<b>5,776,665</b>
Liabilities directly associated with the assets classified as held for sale	13	673,759	4,931
<b>Total current liabilities</b>		<b>5,872,729</b>	<b>5,781,596</b>
<b>NET CURRENT LIABILITIES</b>		<b>(567,296)</b>	<b>(1,032,172)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>11,911,903</b>	<b>11,459,066</b>
<b>NON-CURRENT LIABILITIES</b>			
Convertible bonds	20	1,626,719	1,591,678
Guaranteed bonds due July 2014	20	990,420	993,470
Interest-bearing bank and other borrowings	20	1,073,227	1,203,682
Deferred tax liabilities		390,979	398,298
Deferred subsidy income		2,000	3,262
<b>Total non-current liabilities</b>		<b>4,083,345</b>	<b>4,190,390</b>
<b>NET ASSETS</b>		<b>7,828,558</b>	<b>7,268,676</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Issued capital	21	154	153
Equity component of convertible bonds		23,607	23,607
Reserves		6,938,300	6,388,686
Proposed final dividend		-	139,542
		<b>6,962,061</b>	<b>6,551,988</b>
<b>Non-controlling interests</b>		<b>866,497</b>	<b>716,688</b>
<b>Total equity</b>		<b>7,828,558</b>	<b>7,268,676</b>

# Interim Condensed Consolidated Statement of Changes in Equity

For the six months period ended 30 June 2012

	Attributable to owners of the parent													
	Issued capital RMB'000 (note 21)	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	Equity component of convertible bonds RMB'000	Share option reserve RMB'000 (note 22)	Proposed final dividend RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2012	153	4,243,253	4	388,861	425	299,073	1,482,645	(61,075)	23,607	55,700	139,542	6,551,988	716,888	7,268,876
Profit for the period	-	-	-	-	-	-	547,329	-	-	-	-	547,329	28,495	575,824
Change in fair value of available-for-sale investments, net of tax	-	-	-	-	(366)	-	-	-	-	-	-	(366)	-	(366)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(23,938)	-	-	-	-	(23,938)	-	(23,938)
Total comprehensive income for the period	-	-	-	-	(366)	-	547,329	(23,938)	-	-	-	523,025	28,495	551,520
Exercise of share options	1	16,826	-	-	-	-	-	-	-	(3,651)	-	13,176	-	13,176
Transfer of share option reserve upon the forfeiture or expiry of share options	-	-	-	-	-	-	-	-	-	(1,733)	-	-	-	-
Equity-settled share option arrangements	-	-	-	-	-	-	1,733	-	-	13,693	-	13,693	-	13,693
Contribution by non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	133,765	133,765
Dividend on shares issued for employee share options exercised after 31 December 2011	-	-	-	-	-	-	(279)	-	-	-	(279)	(279)	-	(279)
Dividend declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(12,451)	(12,451)
Final 2011 dividend declared	-	-	-	-	-	-	-	-	-	(139,542)	(139,542)	(139,542)	-	(139,542)
At 30 June 2012 (Unaudited)	154	4,260,079	4	388,861	59	299,073	2,031,428	(85,013)	23,607	64,009	-	6,962,061	866,497	7,828,558

# Interim Condensed Consolidated Statement of Changes in Equity

For the six months period ended 30 June 2011

	Attributable to owners of the parent													
	Issued capital RMB'000 (note 21)	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	Equity component of convertible bonds RMB'000	Share option reserve RMB'000 (note 22)	Proposed final dividend RMB'000	Total equity RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2011	148	3,599,823	4	368,661	425	216,756	1,075,256	(102,429)	23,607	32,927	95,476	5,310,654	404,380	5,715,034
Profit for the period	-	-	-	-	-	-	481,417	-	-	-	-	481,417	24,736	506,153
Other comprehensive income for the period:														
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	34,480	-	-	-	34,480	-	34,480
Total comprehensive income for the period	-	-	-	-	-	-	481,417	34,480	-	-	-	515,897	24,736	540,633
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	20,509	20,509
Capital contribution from the non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	90,000	90,000
Exercise of share options	-	26,124	-	-	-	-	-	-	-	(6,361)	-	19,763	-	19,763
Equity-settled share option arrangements	-	-	-	-	-	-	-	-	-	14,430	-	14,430	-	14,430
Final 2010 dividend declared	-	-	-	-	-	-	(2,227)	-	-	-	(95,476)	(97,703)	-	(97,703)
At 30 June 2011 (Unaudited)	148	3,625,947	4	368,661	425	216,756	1,554,446	(67,949)	23,607	40,996	-	5,763,041	539,625	6,302,666

## Interim Condensed Consolidated Statement of Cash Flows

For the six months period ended 30 June 2012

	For the six months ended 30 June	
	2012 (Unaudited) RMB'000	2011 (Unaudited) RMB'000
Net cash flows (used in)/from operating activities	(92,994)	401,057
Net cash flows used in investing activities	(919,658)	(1,078,444)
Net cash flows from financing activities	217,703	570,312
Decrease in cash and cash equivalents	(794,949)	(107,075)
Cash and cash equivalents at beginning of the period	1,783,839	1,322,602
Effects of foreign exchange rate changes, net	(14,330)	6,436
Cash and cash equivalents at end of the period	974,560	1,221,963
Analysis of balance of cash and cash equivalents		
Cash and bank balances	931,075	1,221,963
Cash and bank equivalents as stated in the statement of financial position	931,075	1,221,963
Cash and short term deposits attributable to the disposal group held for sale	43,485	–
Cash and cash equivalents as stated in the statement of cash flows	974,560	1,221,963

# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2012

## 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, Uglund 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 Mainland China.

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 consolidated 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. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These condensed 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 statements 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 2011.

### 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 2011, except for the adoption of the new and revised Hong Kong Financial Reporting Standards and interpretations as noted below.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Transfers of Financial Assets</i>
HKAS 12 Amendments	Amendments to HKAS 12 <i>Income Taxes – Deferred Tax: Recovery of Underlying Assets</i>

The adoption of these new and revised HKFRSs had no significant financial effect on these financial statements.

### 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.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans</i> <sup>2</sup>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i> <sup>2</sup>
HKFRS 9	<i>Financial Instruments</i> <sup>4</sup>
HKFRS 10	<i>Consolidated Financial Statements</i> <sup>2</sup>
HKFRS 11	<i>Joint Arrangements</i> <sup>2</sup>
HKFRS 12	<i>Disclosure of Interests in Other Entities</i> <sup>2</sup>
HKFRS 13	<i>Fair Value Measurement</i> <sup>2</sup>
HKAS 1 Amendments	<i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i> <sup>1</sup>
HKAS 19 (2011)	<i>Employee Benefits</i> <sup>2</sup>
HKAS 27 (2011)	<i>Separate Financial Statement</i> <sup>2</sup>
HKAS 28 (2011)	<i>Investments in Associates</i> <sup>2</sup>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i> <sup>3</sup>
HKFRIC 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i> <sup>2</sup>
Annual Improvements to HKFRSs 2009-2011 Cycle	<i>Amendments to a number of HKFRSs issued in May 2012</i> <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2012

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2013

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2014

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

### 3. SEGMENT INFORMATION

For management purposes, the Group has a single operating and reportable segment – the operation and management of department stores in Mainland China. All the Group's operations are carried out in Mainland China. All revenues from external customers are generated from business relating to the operation and management of department stores and no revenue from operations amounted to 10 percent or more of the Group's revenue was derived from sales to a single customer for the six months periods ended 30 June 2012 and 2011. All non-current assets (excluding financial instruments and deferred tax assets) of the Group are located in Mainland China.

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2012

### 4. REVENUE

	For the six months ended 30 June	
	2012 (Unaudited) RMB'000	2011 (Unaudited) RMB'000
Sale of goods – direct sale	710,207	572,154
Commissions from concessionaire sales	989,525	879,756
Rental income	149,144	88,680
Rental income from investment properties	75,002	48,716
Sublease rental income	64,304	31,673
Contingent rental income	9,838	8,291
Management fee income from operation of department stores	22,164	16,945
	<b>1,871,040</b>	<b>1,557,535</b>

The commissions from concessionaire sales are analyzed as follows:

	For the six months ended 30 June	
	2012 (Unaudited) RMB'000	2011 (Unaudited) RMB'000
Gross revenue from concessionaire sales	5,706,854	4,883,410
Commissions from concessionaire sales	989,525	879,756

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.

## 5. OTHER INCOME AND GAINS

	For the six months period ended 30 June	
	2012 (Unaudited) RMB'000	2011 (Unaudited) RMB'000
<b>Other income</b>		
Advertisement, promotion and administration income	144,749	99,368
Credit card handling income	861	1,230
Subsidy income	12,671	5,822
Others	50,295	18,075
	<b>208,576</b>	<b>124,495</b>
<b>Gains/(losses)</b>		
Gain on disposal of shares of an associate	126,938	–
Gain on disposal of shares of an associate held for sale	–	73,123
Gain on bargain purchase	–	14,895
Impairment of available-for-sale investments	(2,745)	–
	<b>124,193</b>	<b>88,018</b>
	<b>332,769</b>	<b>212,513</b>



## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2012

### 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2012 (Unaudited) RMB'000	2011 (Unaudited) RMB'000
Purchases of goods and changes in inventories	593,581	464,805
Depreciation and amortization	190,627	136,155
Staff costs	242,649	220,391
Wages, salaries and bonuses	178,977	167,228
Pension costs – defined contribution schemes	30,512	22,213
Welfare, medical and other benefits	19,467	16,520
Equity-settled share option expense	13,693	14,430
Utility expenses	91,878	62,883
Store rental expenses	233,240	174,535
Credit card charges	42,401	35,943
Advertising expenses	66,395	38,331
Auditors' remuneration	1,000	1,000
Professional service charges	9,601	4,231
Other tax expenses	46,363	52,600
Direct operating expenses (including repairs and maintenance, but excluding depreciation and amortisation) arising on rental-earning investment properties	25,318	16,661
Rental income on investment properties less direct operating expenses of RMB21,289,000 (six months ended 30 June 2011: RMB16,661,000)	(49,684)	(32,055)

## 7. FINANCE INCOME/FINANCE COSTS

### Finance income

	For the six months period ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income from bank deposits	4,887	5,222
Interest income from loans and receivables	93,471	77,617
Interest income from a jointly-controlled entity	5,411	2,282
Interest income from associates	6,133	–
Other interest income	5,531	2,355
	<b>115,433</b>	<b>87,476</b>

### Finance costs

	For the six months period ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Interest expenses on bank loans wholly repayable within five years	55,686	44,325
Interest on convertible bonds	39,886	39,926
Interest on guaranteed bonds due July 2014	23,896	–
Less: Interest capitalised	(24,721)	(7,884)
	<b>94,747</b>	<b>76,367</b>

# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2012

## 8. INCOME TAX

	For the six months period ended 30 June	
	2012 (Unaudited) RMB'000	2011 (Unaudited) RMB'000
Current income tax – Mainland China	190,770	135,657
Deferred taxation	(19,536)	3,574
	<b>171,234</b>	<b>139,231</b>

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 the Cayman Islands income tax. The Company's wholly-owned subsidiaries North Hill Holdings Limited and River Three Holdings Limited were incorporated in the British Virgin Islands (the "BVI") as exempted companies with limited liability under the Company Law of the BVI and are exempted from the payment of the BVI income tax. The Company's wholly-owned subsidiaries Intime Department Store (Hong Kong) Company Limited and South Line Holding (HK) Company Limited that are incorporated in Hong Kong are subject to Hong Kong profits tax at the rate of 16.5% (six months ended 30 June 2011: 16.5%). The Company's subsidiaries Sin Cheng Holdings Pte Ltd. and Raffland Pte Ltd. that are incorporated in Singapore are subject to Singapore income tax at the rate of 17% (six months ended 30 June 2011: 17%).

The subsidiaries established in Mainland China are subject to corporate income tax ("CIT") at the rate of 25%. For the six months period ended 30 June 2011, the subsidiaries established in Mainland China are subject to CIT at the rate of 25%, except for the head office of Intime Department Store Co., Ltd. ("Shanghai Intime"), which is subject to CIT at the rate of 24%.

## 9. INTERIM DIVIDEND

On 22 August 2012, the board of directors of the Company declared an interim dividend of RMB0.10 per share for the six months ended 30 June 2012 (six months ended 30 June 2011: RMB0.10).

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

The calculation of basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary share of 1,995,044,513 (six months ended 30 June 2011: 1,911,207,854) in issue during the period.

The calculation of diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible bonds. 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 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	
	2012 (Unaudited) RMB'000	2011 (Unaudited) RMB'000
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	547,329	481,417
Interest on convertible bonds	39,886	39,926
Profit attributable to ordinary equity holders of the parent before interest on convertible bonds	587,215	521,343

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### 10. EARNINGS PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE PARENT (CONTINUED)

	Number of shares For the six months period ended 30 June	
	2012 (Unaudited)	2011 (Unaudited)
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	1,995,044,513	1,911,207,854
Effect of dilution – weighted average number of ordinary shares:		
Share options	16,145,466	26,600,090
Convertible bonds	148,281,131	145,830,203
Weighted average number of ordinary shares used in diluted earnings per share calculation	2,159,471,110	2,083,638,147

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

During the six months period ended 30 June 2012, the Group acquired property, plant and equipment and construction in progress with a cost of RMB432,091,000 (six months period ended 30 June 2011: RMB328,869,000). Depreciation for property, plant and equipment is approximately RMB134,753,000 (six months period ended 30 June 2011: RMB96,523,000) during the period.

During the six months period ended 30 June 2012, the Group acquired investment properties with a cost of RMB26,090,000 (six months period ended 30 June 2011: RMB34,125,000). Depreciation for investment properties is approximately RMB30,574,000 (six months period ended 30 June 2011: RMB23,587,000) during the period.

During the six months period ended 30 June 2012, amortization for prepaid land lease payments is RMB28,318,000 (including RMB4,551,000 capitalised in construction in progress) (six months period ended 30 June 2011: RMB19,004,000).

## **11. PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, PREPAID LAND LEASE PAYMENTS AND PROPERTIES UNDER DEVELOPMENT (CONTINUED)**

The Group pledged certain of its buildings, construction in progress and investment properties to secure the Group's banking facilities. The carrying amounts of these buildings, construction in progress and investment properties as at 30 June 2012 are approximately RMB1,579,806,000 (31 December 2011: RMB1,613,077,000) (note 20).

The Group pledged certain of prepaid land lease payments to secure the Group's banking facilities. The carrying amounts of these prepaid land lease payments as at 30 June 2012 are approximately RMB1,523,178,000 (31 December 2011: RMB1,373,253,000) (note 20).

The Group pledged certain of properties under development to secure the Group's banking facilities. The carrying amounts of these pledged properties under development as at 30 June 2012 are approximately RMB223,902,000 (31 December 2011: RMB198,304,000) (note 20).

The transfer of the ownership certificates of the land located in Suizhou City of Hubei Province and Panzhihua City of Sichuan Province with a carrying amount of RMB188,447,000 at 30 June 2012 (31 December 2011: RMB902,794,000), is in process.

## **12. INTERESTS IN ASSOCIATES**

Pursuant to a tender offer made by independent purchasers in June 2012, the Group completed the disposal of 9,658,431 shares it held in Wushang for a total cash consideration of approximately RMB204 million in July 2012. The disposal generated a gain (net of transaction taxes and fees) of approximately RMB126.9 million. After the completion of the disposal, the Group holds a 22.58% equity interest in Wushang.

## **13. DISPOSAL GROUP HELD FOR SALE**

On 9 January 2012, Shanghai Intime and Intime Department Store (Ningbo Yinzhou) Co., Ltd. ("Yinzhou Intime"), wholly-owned subsidiaries of the Company, entered into an equity transfer agreement with Ningbo Mingji Property Co., Ltd. ("Ningbo Mingji"), to dispose its 49% equity interest in Cixi Property for a consideration of RMB98,000,000. The transaction is still in progress as at 30 June 2012.

## Notes to the Interim Condensed Consolidated Financial Statements

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### 14. INVENTORIES

	30 June 2012 (Unaudited) <i>RMB'000</i>	31 December 2011 (Audited) <i>RMB'000</i>
Store merchandise, at cost or net realisable value	222,565	293,130
Low value consumables	1,542	1,355
	<b>224,107</b>	<b>294,485</b>

### 15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2012 (Unaudited) <i>RMB'000</i>	31 December 2011 (Audited) <i>RMB'000</i>
Rental deposits	86,627	81,800
Prepaid rental	20,492	10,890
Advances to suppliers	18,338	12,237
Advances to third parties	367,392	100,842
Prepaid tax	17,076	43,681
Prepayments	57,529	43,536
Receivable from disposal of shares of an associate	204,855	–
Others	146,119	85,864
	<b>918,428</b>	<b>378,850</b>

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

## 16. CASH IN TRANSIT

	30 June 2012 (Unaudited) RMB'000	31 December 2011 (Audited) RMB'000
Cash in transit	105,490	132,314

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 BANK BALANCES

	30 June 2012 (Unaudited) RMB'000	31 December 2011 (Audited) RMB'000
Cash and bank balances	1,016,437	1,781,001
Time deposits	–	85,073
	1,016,437	1,866,074
Less: Restricted bank balances	(85,362)	(86,821)
Cash and cash equivalent	931,075	1,779,253

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.



## Notes to the Interim Condensed Consolidated Financial Statements

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### 18. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the payment due date, is as follows:

	30 June 2012 (Unaudited) RMB'000	31 December 2011 (Audited) RMB'000
Within 1 month	875,960	1,085,768
1 to 2 months	362,029	513,974
2 to 3 months	65,476	50,588
Over 3 months	20,397	19,615
	<b>1,323,862</b>	<b>1,669,945</b>

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

## 19. OTHER PAYABLES AND ACCRUALS

	30 June 2012 (Unaudited) RMB'000	31 December 2011 (Audited) RMB'000
Payables for purchase of property, plant and equipment and properties under development	260,818	237,444
Advances from customers	1,245,204	1,357,786
Advances from pre-sale of properties under development	227,034	620,972
Advances from a non-controlling shareholder of a subsidiary	42,074	172,298
Advances from third parties	243,250	137,766
Other liabilities to local government	21,446	21,446
Advance payment received from disposal group classified as held for sale	102,000	–
Other tax payables	132,665	312,184
Bonus and welfare payables	73,671	98,278
Deposits received from suppliers/concessionaires	153,132	139,764
Deposits received from building contractors	–	8,249
Accruals	268,565	260,213
Accrued interest	24,835	21,442
Payables for purchase of equity interests	–	33,703
Deferred revenue	36,600	35,235
Deferred government subsidy	3,325	3,325
Others	95,504	86,748
	<b>2,930,123</b>	<b>3,546,853</b>

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

## Notes to the Interim Condensed Consolidated Financial Statements

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### 20. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2012 (Unaudited)			31 December 2011 (Audited)		
	Effective/ contractual interest rate (%)	Maturity	RMB'000	Effective/ contractual interest rate (%)	Maturity	RMB'000
<b>Current:</b>						
Bank loans – unsecured	5.467-6.888	2012-2013	287,000	6.888	2012	50,000
Bank loans – secured (a)	5.338-6.89	2012-2013	275,706	5.31-6.89	2012	40,000
Current portion of long term bank loans – secured (a)	5.40-7.755	2012-2013	147,455	5.40-7.59	2012	152,909
Current portion of long term bank loans – unsecured	6.65	2012	49,000	6.65	2012	39,000
			759,161			281,909
<b>Non-current:</b>						
Secured bank loans (a)	5.346-7.59	2013-2016	847,727	5.346-7.755	2013-2016	978,182
Unsecured bank loans	6.65	2013	25,500	6.65	2013	25,500
Secured other loans (b)	7.68	2014	200,000	7.68	2014	200,000
			1,073,227			1,203,682
Convertible bonds	Weighted average of 5.13	2013	1,626,719	Weighted average of 5.13	2013	1,591,678
Guaranteed bonds due July 2014	Weighted average of 4.93	2014	990,420	Weighted average of 4.93	2014	993,470
			3,690,366			3,788,830
			4,449,527			4,070,739

## 20. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

	30 June 2012 (Unaudited) RMB'000	31 December 2011 (Audited) RMB'000
Analysed into:		
Within one year or on demand	759,161	281,909
In the second year	1,934,946	1,745,360
In the third to fifth years, inclusive	1,755,420	2,043,470
	<b>4,449,527</b>	<b>4,070,739</b>

### Notes:

- (a) Secured bank loans of RMB1,470,888,000 as at 30 June 2012 were secured by certain of the Group's buildings, construction in progress, investment properties, prepaid land lease payments and properties under development, the total carrying amount of which as at 30 June 2012 was RMB3,326,886,000 (31 December 2011: RMB3,184,634,000) (note 11).
- (b) The Group has the following undrawn banking facilities:

	2012 (Unaudited) RMB'000	2011 (Audited) RMB'000
At floating rate:		
Expiring within 1 year	1,180,162	1,534,959
Expiring within 2 to 4 years, inclusive	1,433,000	988,000
Expiring after 5 years	324,500	299,500
	<b>2,937,662</b>	<b>2,822,459</b>

The Group's banking facilities were secured by certain buildings, construction in progress, investment properties, prepaid land lease payments and properties under development (note 11) of the Group.

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## 21. SHARE CAPITAL

During the period, the movement in share capital was as follows:

The subscription rights attaching to 4,025,500 share options were exercised at the average subscription price of HK\$4.03 per share, resulting in the issue of 4,025,500 shares of US\$0.00001 each for a total cash consideration, before expenses, of HK\$16,222,000.

## 22. SHARE OPTION SCHEME

On 22 June 2012, 19,420,000 share options with an exercise price of HK\$7.56 were granted to certain management in respect of their service to the Group, under the share option schemes of the Company. Options granted become vested after certain period. An option may be exercised in accordance with the terms of the share option scheme any time during a period to be notified by the board to each grantee or to be resolved by the board at time of grant.

During the period ended 30 June 2012, the expense recognized in the income statement for the share option scheme amounted to RMB13,693,000 (six months period ended 30 June 2011: RMB14,430,000).

## 23. CONTINGENT LIABILITIES

- (1) On 8 November 2007, Jiaxing Investment Management Company Limited (“Jiaxing Intime”) and Shanghai Intime entered into a joint venture contract with Jiaxing City Culture Mingcheng Investment Group Company (“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 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 a property with total gross floor area of approximately 20,000 square meters (the “Injected Property”) into Jiaxing Meiwan, which represented 40% of equity interest in the joint venture.

Pursuant to the joint venture contract, upon the liquidation of Jiaxing Meiwan or Jiaxing Culture transferred the 40% equity interest it held in Jiaxing Meiwan, Jiaxing Intime and Shanghai Intime shall guarantee a return to 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.

### 23. CONTINGENT LIABILITIES (CONTINUED)

- (2) The Group provided guarantees in respect of the mortgage facilities granted by certain banks to the purchasers of the Group's pre-sale properties amounted to RMB307,828,000 (31 December 2011: RMB265,177,000). Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to the banks. The Group is then entitled to take over the legal titles of the related properties. The Group's guarantee periods commence from the dates of grant of the relevant mortgage loans and end after the execution of individual purchasers' collateral agreements.

The Group did not incur any losses during the financial period in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's pre-sale properties. The directors consider that in case of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

### 24. 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 2012, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2012 (Unaudited) RMB'000	31 December 2011 (Audited) RMB'000
Within one year	212,598	144,630
In the second to fifth years, inclusive	669,119	428,813
After five years	573,327	315,233
	<b>1,455,044</b>	<b>888,676</b>

The amounts above include future minimum sublease payments expected to be received under non-cancellable subleases amounting to RMB769,418,000 as at 30 June 2012 (31 December 2011: RMB243,072,000).

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### 24. 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 2012, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2012 (Unaudited) RMB'000	31 December 2011 (Audited) RMB'000
Within one year	335,967	282,231
In the second to fifth years, inclusive	1,953,595	1,796,981
After five years	5,812,756	5,526,064
	<b>8,102,318</b>	<b>7,605,276</b>

## 25. COMMITMENTS

In addition to the operating lease commitments detailed in note 24(b) above, the Group had the following capital commitments at the end of the reporting period:

	30 June 2012 (Unaudited) RMB'000	31 December 2011 (Audited) RMB'000
Contracted, but not provided for:		
Land and buildings	1,378,008	577,052
Leasehold improvements	161,747	258,927
Payables for purchase of equity interests	45,000	–
	<b>1,584,755</b>	<b>835,979</b>
Authorised, but not contracted for:		
Land and buildings	90,000	1,028,317
Leasehold improvements	236,420	120,000
	<b>326,420</b>	<b>1,148,317</b>
	<b>1,911,175</b>	<b>1,984,296</b>

In addition, the Group's share of a jointly-controlled entity's own capital commitments, which are not included in the above, is as follows:

	30 June 2012 (Unaudited) RMB'000	31 December 2011 (Audited) RMB'000
Contracted, but not provided for	60,417	74,053
Authorised, but not contracted for	85,000	90,000
	<b>145,417</b>	<b>164,053</b>



# Notes to the Interim Condensed Consolidated Financial Statements

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## 26. RELATED PARTY TRANSACTIONS

### (a) Name and relationship of related parties

Name	Relationship
Mr. Shen Guojun	Shareholder of the Company
Intime International	Shareholder of the Company
Beijing Yintai Properties Co., Ltd. ("Beijing Yintai")	Controlled by Mr. Shen Guojun
China Yintai Holding Co., Ltd. ("China Yintai")	Controlled by Mr. Shen Guojun
Beijing Guojun Investment Co., Ltd. ("Beijing Guojun")	Controlled by Mr. Shen Guojun
Metro Land Corporation Land ("Metro Land")	24.83% of its shares were held by China Yintai
Hangzhou Zhongda Shengma Property Co., Ltd. ("Zhongda Shengma")	Associate of the Group
Anhui Hualun Gangwan Culture Investment Co., Ltd. ("Anhui Hualun")	Associate of the Group
Bozhou Hualun International Culture Investment Co., Ltd. ("Bozhou Hualun")	Associate of the Group
Zhejiang Intime Electronic Commerce Co., Ltd., ("Zhejiang Intime Electronic Commerce")	Associate of the Group
Xi'an Qujiang Intime International Shopping Mall Co., Ltd. ("Xi'an Qujiang Intime")	Associate of the Group
Hangzhou Xin Hubin Commercial Development Co., Ltd. ("Xin Hubin")	Jointly-controlled entity of the Group
Beijing Intime Lotte Department Store Co., Ltd. ("Intime Lotte")	Jointly-controlled entity of China Yintai
Hangzhou Hubin International Commercial Development Co., Ltd. ("Hubin International")	Jointly-controlled entity of Beijing Guojun
Beijing Metro Land Property Co., Ltd. ("Beijing Metro Land Property")	Subsidiary of Metro Land
Ningbo Hualian Property Development Co., Ltd. ("Ningbo Hualian Property")	Subsidiary of Metro Land
Ningbo Yintai Property Management Co., Ltd. ("Ningbo Yintai Property Management")	Subsidiary of Metro Land
Hangzhou Intime Shopping Centre Co., Ltd. ("Hangzhou Intime")	Subsidiary of China Yintai
Zhejiang Fuqiang Properties Co., Ltd. ("Zhejiang Fuqiang")	Subsidiary of China Yintai
Beijing Youyi Commercial Service Co., Ltd. ("Beijing Youyi")	Controlling shareholder of an associate
Baida Group Co., Ltd. ("Baida")	Associate of the Group before 20 May 2011

## 26. RELATED PARTY TRANSACTIONS (CONTINUED)

### (b) Transactions with related parties

The following transactions were carried out with related parties:

	For the six months period ended 30 June	
	2012 (Unaudited) RMB'000	2011 (Unaudited) RMB'000
Rental expense and management fee expenses:		
Beijing Yintai (note (i))	1,830	1,830
Metro Land (note (ii))	21,602	22,062
Xi'an Qujiang Intime (note (iii))	10,179	–
Beijing Metro Land Property (note (f)(ii))	22,254	–
	<b>55,865</b>	<b>23,892</b>
Advances to related parties:		
Anhui Hualun (note (iv))	24,510	294,088
Zhejiang Intime Electronic Commerce	–	14,485
Bozhou Hualun	78,300	–
	<b>102,810</b>	<b>308,573</b>
Loans made to related parties:		
Zhejiang Intime Electronic Commerce	49,390	31,400
Hangzhou Intime	–	300,000
Zhongda Shengma (note (v))	84,000	–
	<b>133,390</b>	<b>331,400</b>
Advance to a jointly-controlled entity:		
Xin Hubin (note (vi))	64,000	106,000
Repayment of loans and receivables from related parties:		
Xin Hubin	–	4,968
Intime Lotte	–	22,953
China Yintai	106,664	21,414
Hangzhou Intime	22,875	–
Zhongda Shengma	21,888	–
	<b>151,427</b>	<b>49,335</b>
Repayment of advances from a jointly-controlled entity:		
Xin Hubin	105,738	4,968

## Notes to the Interim Condensed Consolidated Financial Statements

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### 26. RELATED PARTY TRANSACTIONS (CONTINUED)

#### (b) Transactions with related parties (Continued)

The following transactions were carried out with related parties: (continued)

	For the six months period ended 30 June	
	2012 (Unaudited) RMB'000	2011 (Unaudited) RMB'000
Interest income from related parties:		
China Yintai	3,297	3,359
Intime Lotte	–	351
Xin Hubin	11,242	2,282
Hangzhou Intime	22,750	3,196
Zhongda Shengma	23,005	–
Zhejiang Intime Electronic Commerce	1,157	–
Anhui Hualun	9,422	–
Bozhou Hualun	1,298	–
	<b>72,171</b>	<b>9,188</b>
Management fee from related parties		
Beijing Youyi	3,098	1,187
Baida	–	16,945
	<b>3,098</b>	<b>18,132</b>
Customer payments to related parties by the Group's prepaid cards (net off the payments made by related parties' prepaid card used):		
Intime Lotte	12,167	3,129
Zhejiang Intime Electronic Commerce	3,181	1,230
Hubin International	1,199	–
Baida	–	100,029
	<b>16,547</b>	<b>104,388</b>

## 26. RELATED PARTY TRANSACTIONS (CONTINUED)

### (b) Transactions with related parties (Continued)

The following transactions were carried out with related parties: (continued)

	For the six months period ended 30 June	
	2012 (Unaudited) RMB'000	2011 (Unaudited) RMB'000
Payment of utility expense on behalf of a related party: Ningbo Yintai Property Management	1,182	1,648
Sales to a related party: Zhejiang Intime Electronic Commerce	65,661	16,371
Guarantees provided by a related party: Intime International	301,250	–

# Notes to the Interim Condensed Consolidated Financial Statements

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## 26. RELATED PARTY TRANSACTIONS (CONTINUED)

### (b) Transactions with related parties (Continued)

Notes:

- (i) In 2008, Zhejiang Intime Department Store Co., Ltd. (“Zhejiang Intime”) entered into an agreement with Beijing Yintai, to lease certain floors of an office building for its operation and renewed the agreement on 25 June 2010. As Zhejiang Intime changed areas of the building to lease, both parties signed a new agreement on 30 November 2010 and the monthly rental expense increased to RMB305,000 started from January 2011.
- (ii) Pursuant to an agreement between Shanghai Intime and Metro Land signed on 31 March 2005 and a supplementary agreement dated on 18 January 2010, Shanghai Intime leased certain floors of a building from Metro Land for its operations and subleased back to Metro Land certain areas in year 2009. Metro land ceased to lease areas from Shanghai Intime since January 2010.
- (iii) Pursuant to an agreement between Zhejiang Intime and Xi’an Qujiang Intime signed on 31 December 2011, Zhejiang Intime leased certain floors of a building from Xi’an Qujiang Intime for its operations.
- (iv) The Group provided advances amounting to RMB24,510,000 to Anhui Hualun at one-year benchmark interest rate with no fixed repayment term.
- (v) Pursuant to a loan agreement between Zhongda Shengma and the Group, the Group provided loans to Zhongda Shengma with an amount of RMB84,000,000 for a period of 24 months for the construction and development of the department store property with an annual interest of 10%.
- (vi) The Group provided Xin Hubin advances amounting to RMB64,000,000 at one-year benchmark interest rate with no fixed repayment term.

## 26. RELATED PARTY TRANSACTIONS (CONTINUED)

### (c) Due from related parties

The Group had the following significant balances due from related parties at the end of the reporting period:

	30 June 2012 (Unaudited) RMB'000	31 December 2011 (Audited) RMB'000
Due from related parties:		
Anhui Hualun	319,659	285,727
Xin Hubin	263,558	294,087
Zhejiang Intime Electronic Commerce	120,454	54,793
Bozhou Hualun	79,598	–
Metro Land (note (i))	6,520	6,520
Beijing Metro Land Property (note (ii))	6,000	6,000
Beijing Youyi	5,626	10,003
Ningbo Yintai Property Management	3,365	3,365
Beijing Yintai (note (iii))	1,816	1,816
Zhongda Shengma	245	–
Ningbo Hualian Property	106	106
	<b>806,947</b>	<b>662,417</b>

#### Notes:

- (i) The amount due from Metro Land represents a deposit of RMB6,500,000 in connection with a lease agreement between Shanghai Intime and Metro Land entered into on 31 March 2005, and a supplementary agreement signed on 18 January 2010.
- (ii) The amount due from Beijing Metro Land Property represents a deposit of RMB6,000,000 in connection with a lease agreement between Zhejiang Intime and Beijing Metro Land Property entered into on 18 January 2010.
- (iii) The amount due from Beijing Yintai represents a deposit of RMB1,816,000 in connection with a renewal lease agreement between Zhejiang Intime and Beijing Yintai entered into on 30 November 2010.

All the amounts due from related parties are denominated in RMB, are unsecured and interest-free, have no predetermined term of repayment.

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2012

### 26. RELATED PARTY TRANSACTIONS (CONTINUED)

#### (d) Loans and interest receivable from related parties

	30 June 2012 (Unaudited) RMB'000	31 December 2011 (Audited) RMB'000
China Yintai	–	103,367
Xi'an Qujiang Intime	200,000	200,000
Hangzhou Intime	301,250	301,375
Zhejiang Intime Electronic Commerce	102,267	51,720
Zhongda Shengma	497,842	412,725
	<b>1,101,359</b>	<b>1,069,187</b>

#### (e) Due to related parties

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

	30 June 2012 (Unaudited) RMB'000	31 December 2011 (Audited) RMB'000
Due to related parties:		
Xi'an Qujiang Intime	10,179	–
Intime Lotte	2,963	1,504
Metro Land	2,002	14,909
Zhejiang Intime Electronic Commerce	409	997
Hubin International	273	–
	<b>15,826</b>	<b>17,410</b>

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.

## 26. RELATED PARTY TRANSACTIONS (CONTINUED)

### (f) Commitments with related parties

- (i) On 31 March 2005, Shanghai Intime entered into a twenty-year agreement ending 31 December 2024, with Metro Land, to lease certain floors of a building for its operation. The total amount of total lease for the period is included in note 26(b)(ii). The Group expects total minimum lease payment to be approximately RMB325,000,000 from 1 July 2012 to 31 December 2024.
- (ii) On 18 January 2010, Zhejiang Intime entered into a twenty-year agreement ending 31 January 2032, with Beijing Metro Land Property, to lease a building for its operation. The total amount of total lease for the period is included in note 26(b). The Group expects total minimum lease payment to be approximately RMB894,341,000 from 1 July 2012 to 31 January 2032.

### (g) Key management compensation

	For the six months ended 30 June	
	2012 (Unaudited) RMB'000	2011 (Unaudited) RMB'000
Salaries, allowances and other benefits	2,271	2,645
Discretionary bonuses	2,873	3,463
Contributions to a retirement plan	193	205
Share option scheme	5,802	6,696
	<b>11,139</b>	<b>13,009</b>

## 27. APPROVAL OF THE FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved and authorized for issue by the board of directors on 22 August 2012.



## Management Discussion and Analysis

### MACROECONOMIC OVERVIEW

China's GDP growth slowed down in the first half of 2012 to 7.8% after growing 9.2% in the year of 2011. Consumption growth in China slowed down but remained healthy as consumer confidence was sustained and household income continued to grow steadily. The total retail sales of consumer goods reached RMB9,822.2 billion in the first half of 2012, representing a year-on-year growth of 14.4%. The per capita disposable income of urban households gained 13.3% year-on-year to RMB12,509 for the first six months of 2012.

The economy of Zhejiang province, where the Group has achieved a leading position, achieved a steady GDP growth rate of 7.4% year-on-year for the first half of 2012. Consumer spending in Zhejiang province remained well supported by steady income growth and government policies to boost consumption. The total retail sales of consumer goods in Zhejiang province rose by 13.0% to RMB637.3 billion for the six months ended 30 June 2012. The per capita disposable income of urban households in Zhejiang province, which trailed only behind Shanghai among all provinces and municipalities in China in the first half of 2012, also increased by 11.7% year-on-year to RMB18,802 for the first six months of 2012.

The economy of Hubei province, where the Group has built up a significant presence, continued to grow steadily in the first half of 2012 with a GDP growth rate of 11.7% year-on-year. The total retail sales of consumer goods in Hubei province for the six months ended 30 June 2012 rose to RMB436.7 billion, representing a year-on-year growth of 15.9%. The per capita disposable income of urban households in Hubei province also increased by 14.2% year-on-year to RMB10,833 for the first six months of 2012.

The economy of Anhui province, where the Group newly entered in January 2012, performed remarkable well in the first half of 2012 with a GDP growth rate of 12.0%. The total retail sales of consumer goods in Anhui province for the six months ended 30 June 2012 rose to RMB267.6 billion, representing a year-on-year growth of 16.0%. The per capita disposable income of urban households in Anhui province also increased by 14.3% year-on-year to RMB10,691.5 for the first six months of 2012. The above growth rates are higher than the national averages recorded in the first half of 2012.

### OPERATIONAL OVERVIEW

For the six months ended 30 June 2012, the Group continued to execute its strategy of "regional pre-dominance" and achieved a steady growth in operating results. Total gross sales proceeds of the Group increased to RMB6,588.4 million, representing an increase of 18.5% compared with the same period last year. The Group's same store sales growth was 9.2%, amid a slowdown in the macro economy. Total revenue increased to RMB1,871.0 million, representing an increase of 20.1% compared with the same period last year. Profit attributable to owners of the parent increased to RMB547.3 million, representing an increase of 13.7% compared with the same period last year.

### Expansion of Store Network

During the period under review, the Group not only consolidated its leading position in Zhejiang province, but also further strengthened its competitive position in Hubei province and Shaanxi province and made the strategic expansion into the new markets of Anhui province, Hebei province and Beijing for future growth.

On 22 June 2012, the Group strengthened its leading position in Zhejiang province by opening Hangzhou Culture Plaza. Hangzhou Culture Plaza is located at the city centre of Hangzhou, with a gross floor area of approximately 38,000 square meters. The store is the Group's first store in Zhejiang province featuring the operating style of "Your Everyday Outlet, Care Everywhere" ("天天奧萊·處處暖心"), which will bring a new and exciting shopping experience to its customers.

On 8 January 2012, Hefei Yintai Centre, the Group's first shopping centre in Anhui province, commenced operation. Hefei Yintai Centre is located at the core business district of Hefei, occupying a gross floor area of over 90,000 square meters. Hefei Yintai Centre has successfully incorporated various luxurious brands with well-known restaurants, high-end supermarket and stylish theatre, offering extraordinary shopping experience for Hefei's residents. The successful opening of Hefei Yintai Centre has established a solid foundation for the Group's further expansion and development in Anhui province.

Currently, the Group operates and manages a total of 29 stores with a total gross floor area of 1,252,939 square meters, including 18 department stores located in the principal cities of Zhejiang province, 6 department stores located in Hubei province, 1 store located in Beijing, 1 store located in Anhui province, 1 store located in Hebei province and 2 stores located in Shaanxi province. All of the Group's stores are located in prime shopping locations of their respective cities and aim to provide people with pleasant and perfect shopping experience.

### Improvement in Operational Management

The Group aims to provide great trendy retail and one-stop shopping experiences so that shoppers prefer to spend more time and have their needs fulfilled at one of our newly designed stores and malls. During the period under review, we have made good progress to further enhance our stores and reinforce their position as the most vibrant and dynamic retail and shopping destinations in their respective communities. "Let's Love" ("愛·在一起") is the unified brand-building theme of the Group for 2012. Various promotional activities centered around the theme "Let's Love" have been held during the period to earn the lifetime loyalty of our customers. The number of members in the Group's VIP programme has grown to approximately 1.01 million as at 30 June 2012.

## Management Discussion and Analysis

The Group continued its efforts to improve the operational efficiency of its established stores and to shorten the fostering period of those newly opened stores. We have made continuous efforts to achieve greater operating synergy and economies of scale in regional merchandizing, marketing, storefront management, human resources and cost control, and to enhance the integration of the new stores with the existing network. The Group will strive to replicate its regional competence in Zhejiang province when setting up presence in new regional markets and will closely monitor and systematically analyze the implementation status of various on-going projects. The Group is committed to providing premium shopping solution that is relevant and rewarding for customers both in store and online.

### Disposal of Non-Core Assets

In line with its strategy of continuing to enhance return on capital investments, the Group signed two transfer agreements on 26 December 2011 and 9 January 2012, respectively, to dispose all of its equity interests in Cixi Intime Property Co., Ltd. (“Cixi Intime Development”) to an independent third party for a total consideration of RMB200 million. Cixi Intime Development is principally engaged in the development and sales of the residential property portion of the Cixi project. After the disposal of Cixi Intime Development, the Group still owns the department store property portion of the Cixi project, namely the Cixi Intime City shopping mall. By disposing all of its equity interest in Cixi Intime Development, the Group would not be subject to the uncertainties and risks associated with the residential property element in the Cixi project, while securing and realizing the cashflow and profit associated with it. The profit from the disposal of the entire equity interest in Cixi Intime Development is expected to be recognized after the completion of the disposal in 2013.

The Group will continue with its strategy of disposing non-core assets in the second half of 2012.

### Listed Investment

Pursuant to a tender offer made by independent purchasers in June 2012, the Group completed the disposal of 9,658,431 shares it held in Wushang for a total cash consideration of approximately RMB204 million in July 2012. The disposal generated a gain (net of transaction taxes and fees) of approximately RMB126.9 million. After the completion of the disposal, the Group holds a 22.58% equity interest in Wushang and Wushang remains as an associate company of the Group. The cash proceeds from the disposal will provide financial support for the Group to develop its core business in Hubei province.

## OUTLOOK

Looking forward, the Group believes that while there remain challenges confronting the China economy, the fundamental economic outlook for the China department store industry remains promising and the Group is well placed to deal with the challenges and opportunities arising from the current economic environment. Domestic consumption is expected to play an increasing important role to the China economy in the short to medium-term, driven primarily by the policies and incentives from the government to encourage consumption, the strong income growth of the urban household, the growing middle class and the rapid urbanization taking place in China. The People's Bank of China has cut interest rates twice since June 2012 to boost growth and has lowered banks' reserve requirements three times since late last year to increase liquidity in the economy. With the impact of these easing moves gradually filtering through the economy, along with the falling inflation rate in China, more confidence in domestic demand growth could be developed in the second half of 2012.

The Group will continue to adhere to its "regional predominance" strategy to develop itself into a leading department store chain with presence in various regions in China. The Group will focus on operating trendy department stores while also actively developing multi-functional, lifestyle-driven shopping malls. The Group is confident for a year of promising development in 2012.

## FINANCIAL REVIEW

### Total gross sales proceeds and revenue

For the six months ended 30 June 2012, 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) increased to RMB6,588.4 million, representing an increase of 18.5% from RMB5,561.2 million recorded in the corresponding period of last year. The growth was mainly contributed by the same store sales growth of approximately 9.2% and the inclusion of the sales performances for the new stores opened around the year end of 2011. Among the total gross sales proceeds of the Group, total sales proceeds from concessionaire sales accounted for 86.6% (2011 first half: 87.8%) and those derived from direct sales accounted for 10.8% (2011 first half: 10.3%).

Sales proceeds from concessionaire sales increased by 16.9% to RMB5,706.9 million in the first half of 2012. The commission rate of concessionaire sales was approximately 17.3% in the first half of 2012, which is slightly below the rate of 18.0% recorded in the same period of last year. Such decrease was primarily due to sales growth for merchandise that carry lower commission rate (such as gold and high-end jewelries, supermarket and home appliance retailing business) and the lower commission rate recorded by new stores during the initial operating period. Excluding the sales from gold and high-end jewelries, supermarket and home appliance retailing business, the commission rate of concessionaire sales was approximately 19.4% in the first half of 2012 (2011 first half: 19.6%).

## Management Discussion and Analysis

In line with the Group's strategy to increase the proportion of direct sales and to improve its overall profitability, total sales proceeds from direct sales increased by 24.1% to RMB710.2 million in the first half of 2012. Direct sales margin was approximately 16.4% for the six months ended 30 June 2012 (2011 first half: 18.8%). The decrease in sales margin was mainly due to the expansion of merchandize mix that contributed higher sales growth but with lower margin.

Rental income increased by 68.2% to RMB149.1 million in the first half of 2012. The increase was mainly due to more effective usage of the rental area and the increase in rentable area from recently opened new stores.

The Group's total revenue for the six months ended 30 June 2012 amounted to RMB1,871.0 million, representing a solid growth of 20.1% as compared with RMB1,557.5 million recorded in the same period of last year. The Group will make timely adjustments to enhance the merchandize mix and the brand mix to stay ahead of the competition in today's ever changing environment.

### Other income and gains

For the six months ended 30 June 2012, the Group's other income amounted to RMB208.6 million, representing an increase of 67.6% from RMB124.5 million recorded for the corresponding period of last year. The increase was largely due to a significant increase in the advertisement and promotion administration income, and the increase in sharing of operating expenses with the concessionaires during the period under review.

Other gains of the Group amounted to RMB124.2 million for the six months ended 30 June 2012, which mainly comprised of a gain (net of transaction taxes and fees) of RMB126.9 million from the disposal of part of its equity interest in Wushang and a loss of RMB2.7 million from the impairment of its interest in Baida, an available-for-sale investments.

### 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 growth of direct sales, the Group's cost of sales increased to RMB593.6 million for the six months ended 30 June 2012, representing an increase of 27.7% from RMB464.8 million recorded in the corresponding period of last year.

### Staff costs

For the six months ended 30 June 2012, Group's staff costs increased to RMB242.6 million, representing an increase of 10.1% from RMB220.4 million recorded in the corresponding period of last year. The increase was mainly due to the inclusion of the staff costs for new stores opened around the year end of 2011. Staff costs as a percentage of total revenue in first half of 2012 was 13.0%, which was lower than 14.1% recorded in the same period of last year.

### Depreciation and amortization

For the six months ended 30 June 2012, Group's depreciation and amortization increased to RMB190.6 million, representing an increase of 40.0% from RMB136.2 million recorded in the corresponding period of last year. The increase was primarily due to the inclusion of depreciation and amortization costs for new stores opened/acquired in the year of 2011. Depreciation and amortization as a percentage of total revenue in the first half of 2012 increased to 10.2% from 8.7% recorded in the corresponding period of last year.

### Other operating expenses

Other operating expenses, which mainly consisted of utility expenses, store rental expenses, advertising expenses, credit card charges and other tax expenses, amounted to RMB589.4 million for the six months ended 30 June 2012, representing an increase of 31.1% from RMB449.5 million recorded in the same period of last year. The increase was mainly due to the inclusion of rental expenses for stores operating at leased properties opened in the year 2011. Other expenses as a percentage to total revenue in the first half of 2012 increased to 31.5% from 28.9% recorded in the corresponding period of last year.

### Share of losses of a jointly-controlled entity

The share of losses of a jointly-controlled entity for the six months ended 30 June 2012 amounted to RMB1.2 million, which was lower than the losses of RMB1.4 million recorded in the corresponding period of last year.

### Share of profits and losses of associates

The share of net profits of associates for the six months ended 30 June 2012 amounted to RMB140.0 million, representing an increase of 2.6% from RMB136.5 million recorded in the corresponding period of last year. The share of profits and losses of associates mainly represents the Group's share of results of its equity interests in Beijing Youyi Lufthansa Shopping City Co. Ltd. Beijing Lufthansa Centre, Wushang and Zhejiang Intime Electronic Commerce.

### Finance income

For the six months ended 30 June 2012, finance income of the Group amounted to RMB115.4 million, representing an increase of 31.9% from RMB87.5 million recorded in the corresponding period of last year. The increase was mainly due to the increase in interest income from loans and receivables.

### Finance cost

For the six months ended 30 June 2012, finance cost of the Group amounted to RMB94.7 million, representing an increase of 24.0% from RMB76.4 million recorded in the corresponding period of last year. The increase was mainly due to the increase in average balance of bank loans as compared to the same period of last year and the issuance of RMB guaranteed bonds in July 2011.

## Management Discussion and Analysis

### Income tax expense

The Group's income tax expenses for the six months ended 30 June 2012 amounted to RMB171.2 million, representing an increase of 23.0% from RMB139.2 million recorded in the first half of 2011. Effective tax rate of the Group for the six months ended 30 June 2012 was 22.9%, slightly higher than that of the same period of last year.

### Profit for the period

As a result of the reasons mentioned above, profit for the six months ended 30 June 2012 amounted to RMB575.8 million, representing an increase of 13.7% from RMB506.2 million recorded in the corresponding period of last year.

### Profit attributable to owners of the parent

Profit attributable to owners of the parent for the six months ended 30 June 2012 amounted to RMB547.3 million, representing an increase of 13.7% from RMB481.4 million recorded in the corresponding period of last year.

### Liquidity and financial resources

The Group continues to be in a solid financial position. Cash and bank balances of the Group amounted to RMB1,016.4 million as at 30 June 2012, representing a decrease of RMB849.7 million from the balance of RMB1,866.1 million as at 31 December 2011. During the period under review, the Group's net cash outflow from operating activities amounted to RMB93.0 million, the net cash inflow from financing activities amounted to RMB217.7 million and the net cash outflow from investment activities amounted to RMB919.7 million.

As at 30 June 2012, the Group's borrowings, including bank and other borrowings, convertible bonds and guaranteed bonds, amounted to RMB4,449.5 million (31 December 2011: RMB4,070.7 million). The gearing ratio, calculated by total interest-bearing bank and other borrowings, convertible bonds and guaranteed bonds over total assets of the Group, increased to 25.0% (31 December 2011: 23.6%). The Group believes that the increased gearing ratio is still at a very healthy level.

### Net current liabilities and net assets

The net current liabilities of the Group as at 30 June 2012 amounted to RMB567.3 million, while it was RMB1,032.2 million as at 31 December 2011. Net assets of the Group as at 30 June 2012 amounted to RMB7,828.6 million, representing an increase of 7.7% from RMB7,268.7 million as at 31 December 2011.

### **Pledge of assets**

Certain buildings, investment properties, construction in progress, land use rights and properties under development with carrying amount of RMB3,326.9 million have been pledged to the Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China, China CITIC Bank and Suizhou Rural Credit Union to obtain bank facilities in the amount of RMB4,333.6 million. The RMB guaranteed bonds are guaranteed by certain subsidiaries of the Group.

### **Foreign exchange risk**

The operations of the Group are mainly carried out in Mainland China with most transactions settled in RMB. Certain of the Group's cash and bank deposits are denominated in Hong Kong dollars. The convertible bonds are denominated in Hong Kong dollars. In addition, the Company pays dividend in Hong Kong dollars. Any significant exchange rate fluctuations of Hong Kong dollars against RMB may have financial impact on the Group. The Group has not used any forward contracts, currency borrowings or other means to hedge its foreign currency exposure. Nevertheless, the Group will from time to time review and adjust the Group's investment and financing strategies based on the RMB and Hong Kong dollars exchange rate movement.

### **Staff and remuneration policy**

As at 30 June 2012, the total number of employees for the Group was 7,773. 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 the basic salary, staff with outstanding performance will be rewarded by way of bonuses, share options, honorary awards or a combination of all the above to further align the interests of its employees and that of the Group, 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 23 to the Interim Condensed Consolidated Financial Statements.



## Other Information

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2012, 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 Officer	Nature of Interest	Number and class of securities <sup>(1)</sup>	Approximate percentage of interest in such corporation
Mr. Shen Guojun	Interest of controlled corporations <sup>(2)</sup>	L662,014,015	33.14%
Mr. Lee Ka Kit	Beneficiary of a trust <sup>(3)</sup>	L147,664,835	7.39%
Mr. Chen Xiaodong	Beneficial owner <sup>(4)</sup>	L17,730,000	0.89%

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 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 661,814,015 shares of the Company. Mr. Shen Guojun is a director of each of Fortune Achieve Group Ltd., Glory Bless Limited and Intime International Holdings Limited. Mr. Shen Guojun is also the beneficial owner of the entire share capital of East Jump Management Limited which holds 200,000 shares of the Company.
- (3) Mr. Lee Ka Kit, a non-executive Director, is a beneficiary of a private trust which holds 147,664,835 shares of the Company as at 30 June 2012.
- (4) Mr. Chen Xiaodong, an executive director and the Chief Executive Officer of the Company, held options in respect of a total of 17,730,000 shares of the Company as at 30 June 2012.

Save as disclosed above, as at 30 June 2012, 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' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

As at 30 June 2012, so far as is known to any Director or chief executive of the Company, the persons (other than the Directors and the chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, which were directly or indirectly, interested in 10% 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:

<b>Name of shareholders</b>	<b>Nature of Interest</b>	<b>Number and Class of Securities <sup>(1)</sup></b>	<b>Approximate percentage of interest in such corporation</b>
Fortune Achieve Group Ltd.	Interest of controlled corporation <sup>(2)</sup>	L661,814,015	33.13%
Glory Bless Limited	Interest of controlled corporation <sup>(2)</sup>	L661,814,015	33.13%
Intime International Holdings Limited	Beneficial Owner <sup>(2)</sup>	L661,814,015	33.13%
JPMorgan Chase & Co.	Interest of controlled corporation <sup>(3)</sup>	L278,641,153	13.95%
		S3,730,000	0.19%
		P53,404,366	2.67%
Government of Singapore Investment Corporation Pte Ltd.	Investment Manager	L199,884,141	10.01%
Comax Investment Limited	Beneficial Owner <sup>(4)</sup>	L147,664,835	7.39%
Henderson Development Limited	Interest of controlled corporation <sup>(4)</sup>	L147,664,835	7.39%
Henderson Land Development Company Limited	Interest of controlled corporation <sup>(4)</sup>	L147,664,835	7.39%
Hopkins (Cayman) Limited	Interest of controlled corporation <sup>(4)</sup>	L147,664,835	7.39%
Lee Shau Kee	Interest of controlled corporation <sup>(4)</sup>	L147,664,835	7.39%
Riddick (Cayman) Limited	Trustee <sup>(5)</sup>	L147,664,835	7.39%
Rimmer (Cayman) Limited	Trustee <sup>(5)</sup>	L147,664,835	7.39%

## Other Information

### Notes:

1. The letter “L” denotes the person’s long position in such shares of the Company; the letter “S” denotes the person’s short position in such shares of the Company; the letter “P” denotes the person’s lending pool in such shares of the Company.
2. Mr. Shen Guojun is the beneficial owner of the entire issued share capital of Fortune Achieve Group Ltd., which in turn is the beneficial owner of the entire issued share capital of Glory Bless Limited, which in turn is the beneficial owner of the entire issued share capital of Intime International Holdings Limited, which holds 661,814,015 shares of the Company. Mr. Shen Guojun is a director in each of Fortune Achieve Group Ltd., Glory Bless Limited and Intime International Holdings Limited.
3. JPMorgan Chase & Co. is interested in the shares of the Company via various entities which it directly or indirectly controls and has interests in the shares of the Company, including (i) JPMorgan Chase Bank, N.A. which is 100% controlled by JPMorgan Chase & Co.; (ii) JF Asset Management Limited, which is 100% controlled by JPMorgan Asset Management (Asia) Inc., which in turn is 100% controlled by JPMorgan Asset Management Holdings Inc., which in turn is 100% controlled by JPMorgan Chase & Co.; (iii) JPMorgan Asset Management (Taiwan) Limited, which in turn is 100% controlled by JPMorgan Asset Management (Asia) Inc.; (iv) JF International Management Inc., which is 100% controlled by JPMorgan Asset Management (Asia) Inc.; (v) JPMorgan Asset Management (Singapore) Limited, which is 100% controlled by JPMorgan Asset Management (Asia) Inc.; (vi) J.P. Morgan Securities Ltd., which was 98.95% controlled by J.P. Morgan Chase International Holdings, which in turn is 100% controlled by J.P. Morgan Chase (UK) Holdings Limited, which in turn is 100% controlled by J.P. Morgan Capital Holdings Limited, which in turn is 100% controlled by J.P. Morgan International Finance Limited, which in turn is 100% controlled by Bank One International Holdings Corporation, which in turn is 100% controlled by J.P. Morgan International Inc., which is 100% controlled by JPMorgan Chase Bank, N.A.; (vii) China International Fund Management Co. Ltd., which is 49% owned by JPMorgan Asset Management (UK) Limited, which in turn is 100% controlled by JPMorgan Asset Management Holdings (UK) Limited, which in turn is 100% controlled by JPMorgan Asset Management International Limited, which in turn is 100% controlled by JPMorgan Asset Management Holdings Inc.; (viii) J.P. Morgan Whitefriars Inc., which is 100% controlled by J.P. Morgan Overseas Capital Corporation, which is 100% controlled by J.P. Morgan International Finance Limited; (ix) JPMorgan Asset Management (UK) Limited, which is 100% controlled by JPMorgan Asset Management Holdings (UK) Limited; (x) JPMorgan Asset Management (Japan) Limited, which is 100% controlled by JPMorgan Asset Management (Asia) Inc.
4. Lee Shau Kee is the beneficial owner of the entire issued share capital of Hopkins (Cayman) Limited, which in turn is the beneficial owner of the entire issued share capital of Henderson Development Limited. Henderson Development Limited is the beneficial owner of 61.91% of the entire issued share capital of Henderson Land Development Company Limited, which in turn is the beneficial owner of the entire issued share capital of Jetrich Global Limited. Jetrich Global Limited is the beneficial owner of the entire issued share capital of Comax Investment Limited, which holds 147,664,835 shares of the Company. Therefore, each of Lee Shau Kee, Hopkins (Cayman) Limited, Henderson Development Limited and Henderson Land Development Company Limited is deemed to be interested in the shares held by Comax Investment Limited.
5. Rimmer (Cayman) Limited (“Rimmer”) and Riddick (Cayman) Limited (“Riddick”), as trustees of respective discretionary trusts, hold units in a unit trust in which Hopkins (Cayman) Limited act as a trustee. Accordingly, Rimmer and Riddick are deemed to be interested in the shares held by Comax Investment Limited.

Save as disclosed above, as at 30 June 2012, so far is known to the Directors or the chief executive of the Company, no other person (not being a Director or chief executive of the Company) had any interests or short positions in the shares, underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or, who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

### SHARE OPTION SCHEME

Pursuant to the Company's share option scheme approved by the resolution of the Company's shareholders dated 24 February 2007, the Company may grant options (the "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 disclosed 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 of the Company.

## Other Information

The movements in share options granted under the share option scheme adopted by the Company for the six months ended 30 June 2012 are shown below:

Name or category of participant	Date of Grant	Exercise Price per share HK\$	Number of share options					As at 30 June 2012	Exercise Period	Closing price immediately before the date of grant HK\$	Weighted Average closing price immediately before the date of exercise HK\$
			As at 1 January 2012	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
<b>Director &amp; Chief Executive Officer</b>											
Chen Xiaodong	11/4/2008	5.64	600,000	-	-	-	-	600,000	12/4/2009-11/4/2014	5.60	-
	18/9/2008	3.56	600,000	-	-	-	-	600,000	19/9/2009-18/9/2014	3.20	-
	4/3/2009	1.88	1,200,000	-	-	-	-	1,200,000	5/3/2010-4/3/2015	1.83	-
	28/8/2009	6.63	8,970,000	-	440,000	-	-	8,530,000	29/8/2010-28/8/2015	5.15	10.38
	26/5/2010	6.49	3,000,000	-	-	-	-	3,000,000	27/5/2011-26/5/2016	6.24	-
	1/4/2011	10.77	2,000,000	-	-	-	-	2,000,000	2/4/2012-1/4/2017	10.56	-
	22/6/2012	7.56	-	1,800,000	-	-	-	1,800,000	23/6/2013-22/6/2018	7.35	-
<b>Other employees in aggregate</b>											
	11/4/2008	5.64	4,384,500	-	799,500	-	-	3,585,000	12/4/2009-11/4/2014	5.60	9.61
	18/9/2008	3.56	4,295,000	-	780,000	-	-	3,515,000	19/9/2009-18/9/2014	3.20	9.73
	4/3/2009	1.88	8,693,500	-	1,518,500	-	75,000	7,100,000	5/3/2010-4/3/2015	1.83	9.76
	20/10/2009	5.50	750,000	-	-	-	-	750,000	21/10/2010-20/10/2015	5.35	-
	26/5/2010	6.49	15,275,000	-	487,500	-	475,000	14,312,500	27/5/2011-26/5/2016	6.24	9.96
	26/8/2010	9.00	1,600,000	-	-	-	-	1,600,000	27/8/2011-26/8/2016	8.93	-
	1/4/2011	10.77	15,916,000	-	-	-	816,000	15,100,000	2/4/2012-1/4/2017	10.56	-
	22/6/2012	7.56	-	17,620,000	-	-	-	17,620,000	23/6/2013-22/6/2018	7.35	-
<b>Total</b>			<b>67,284,000</b>	<b>19,420,000</b>	<b>4,025,500</b>	<b>-</b>	<b>1,366,000</b>	<b>81,312,500</b>			

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

During the six months ended 30 June 2012, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

### **SUFFICIENCY OF PUBLIC FLOAT**

The Company has maintained a sufficient public float throughout the six months ended 30 June 2012.

### **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES AND CORPORATE GOVERNANCE CODE**

The Company strives to attain and maintain high standards of corporate governance best suited to the needs and interests of the Company and its subsidiaries as it believes that effective corporate governance practices are fundamental to safeguarding the interests of shareholders and other stakeholders and enhancing shareholder value.

The Stock Exchange of Hong Kong Limited made various amendments to the Code on Corporate Governance Practices (the "Former Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and renamed it the Corporate Governance Code (the "CG Code"). The CG Code took effect on 1 April 2012.

The Company has complied with all code provisions of the Former Code during the period from 1 January 2012 to 31 March 2012. It has also fully complied with all code provisions of the CG Code during the period from 1 April 2012 to 30 June 2012.

### **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. All Directors of the Company have confirmed that throughout the six months ended 30 June 2012, they have complied with the required standard set out in the Model Code.

### **INTERIM DIVIDEND**

The Board has declared the payment of an interim dividend of RMB0.10 per share for the six months ended 30 June 2012 (six months ended 30 June 2011: RMB0.10 per share) to shareholders whose names appear on the register of members of the Company on 12 October 2012. The interim dividend will be payable on or around 8 November 2012.

## Other Information

### CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders' entitlement to the interim dividend, the register of members of the Company will be closed from Tuesday, 9 October 2012 to Friday, 12 October 2012, both days inclusive, during which period no transfer of shares 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 Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 pm on Monday, 8 October 2012.

### REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited interim results of the Company and its subsidiary companies for the six months ended 30 June 2012 and considered that the results complied with relevant accounting standards, rules and regulations and appropriate disclosure have been duly made. The Audit Committee has three members comprising three independent non-executive Directors, namely, Mr. Chow Joseph, Mr. Shi Chungui and Mr. Yu Ning. Mr. Chow Joseph is the chairman of the Audit Committee.

### APPRECIATION

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

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

Beijing, 22 August 2012