银泰商业

Intime Retail (Group) Company Limited
銀泰商業（集團）有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1833

ANNUAL REPORT 2013

Contents

Corporate Profile

Intime Retail (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 and shopping malls 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 15 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. As at 31 December 2013, the Group operated and managed a total of 30 department stores and 6 shopping centres with a total gross floor area of 1,774,130 square meters, including 20 department stores and 3 shopping centres located in the principal cities of Zhejiang province, 6 department stores located in Hubei province, 1 department store located in Beijing, 1 shopping centre located in Anhui province, 1 department store and 1 shopping centre located in Hebei province, and 2 department stores and 1 shopping centre located in Shaanxi province. All of the Group's stores and shopping malls are located in prime shopping locations of their respective cities and aim to provide the Group's customers with pleasant and perfect shopping experience. In addition, the Group also holds a 50% equity interest in Beijing Youyi Lufthansa Shopping City Co., Ltd. Beijing Lufthansa Centre.

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, online store and online-to-offline (O2O) business. 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
LIU Dong
WONG Luen Cheung Andrew
(appointed on 31 May 2013)
LEE Ka Kit (retired on 31 May 2013)

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

1063-3, Creative Culture Industrial Park,
Sihui East Road,
Chaoyang District,
Beijing 100124
PRC
Tel: +86 10 87159300
Fax: +86 10 87159385
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

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
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

Financial Highlights

A summary of the results and assets, liabilities and equity of the Group for the last five financial years is set out below:

	Year ended 31 December				
	2009	2010	2011	2012	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Operating Results					
Revenue	1,572,095	2,288,753	3,117,198	3,907,230	**4,510,219**
Profit before income tax	572,752	926,141	1,129,033	1,320,527	**1,571,473**
Profit for the year	449,367	701,339	858,168	1,020,452	**1,136,366**
Profit attributable to:					
– Owners of the parent	462,609	685,189	821,427	972,548	**1,065,181**
– Non-controlling interests	(13,242)	16,150	36,741	47,904	**71,185**
Full year dividends per share (RMB)	0.132	0.15	0.17	0.19	**0.21**
Basic earnings per share (RMB)	0.26	0.39	0.43	0.49	**0.53**
Diluted earnings per share (RMB)	0.26	0.36	0.42	0.48	**0.53**

	31 December				
	2009	2010	2011	2012	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Assets and Liabilities					
Total assets	7,485,511	12,289,483	17,240,662	21,293,999	**22,556,286**
Total liabilities	(3,591,858)	(6,574,449)	(9,971,986)	(13,118,892)	**(13,553,053)**
Total equity	3,893,653	5,715,034	7,268,676	8,175,107	**9,003,233**
– Owners' equity	3,448,194	5,310,654	6,551,988	7,262,068	**7,980,262**
– Non-controlling interests	445,459	404,380	716,688	913,039	**1,022,971**

Chairman's Statement

Over the last year, the Group managed to achieve continuous growth in sales and operating profit against the headwinds amid overall slowdown of the traditional retail industry. In 2013, the Group's total revenue reached RMB4,510.2 million, representing an increase of 15.4% over the previous year. Consolidated profit attributable to owners of the parent was RMB1,065.2 million, representing an increase of 9.5% over the previous year. Basic earnings per share increased by 8.2% to RMB0.53.

In view of the Group's steady business performance, as well as our commitment to delivering fair returns to shareholders of the Company, the board of directors (the "Board") has resolved to declare a final dividend of RMB0.11 per share. Together with an interim dividend of RMB0.10 per share already paid, the full year dividend per share for 2013 will amount to RMB0.21 per share if approved at the forthcoming annual general meeting.

MACROECONOMIC OVERVIEW

China has maintained a steady and stable growth in 2013. The gross domestic product (GDP) of the year was RMB56,884.5 billion, up by 7.7% over the previous year. China is in the course of economic rebalancing towards a consumption-driven economy, which provides continuous opportunity for growth and development of retail sector. The total retail sales of consumer goods rose by 13.1% to RMB23,781.0 billion in 2013. The per capita disposable income of urban households increased by 9.7% to RMB26,955 in 2013.

The economy of Zhejiang province, where the Group has maintained a leading market position, achieved a steady GDP growth rate of 8.2% in 2013. Consumer spending in Zhejiang province maintained steady growth, supported by steady income growth and government policies in promoting domestic consumption. The total retail sales of consumer goods in Zhejiang province rose by 11.8% to RMB1,513.8 billion in 2013. The per capita disposable income of urban households in Zhejiang province also increased by 9.6% to RMB37,851 in 2013.

The economy of Hubei province, where the Group has built up a significant presence, continued to grow steadily in 2013 with a GDP growth rate of 10.1%. The total retail sales of consumer goods in Hubei province rose by 13.8% to RMB1,046.6 billion in 2013. The per capita disposable income of urban households in Hubei province also increased steadily by 9.9% to RMB22,906 in 2013.

The economy of Shaanxi province, where the Group has operated two department stores and one shopping centre, performed remarkably well in 2013 with a GDP growth rate of 11.0%. The total retail sales of consumer goods in Shaanxi province rose by 14.0% to RMB493.9 billion in 2013. The per capita disposable income of urban households in Shaanxi province also increased by 10.2% to RMB22,858 in 2013.

The economy of Anhui province also performed reasonably well in 2013 with a GDP growth rate of 10.4%. The total retail sales of consumer goods in Anhui province rose by 14.0% to RMB648.1 billion in 2013. The per capita disposable income of urban households in Anhui province also increased by 9.9% to RMB23,114 in 2013.

COMPANY DEVELOPMENT

During the year, the Group continued to make progress in implementing its strategy of developing into a nation-wide leading department store and shopping mall chain. The Group has further consolidated its position in Zhejiang province by capitalizing on its experience and understanding of the market to systematically expand its presence in Zhejiang province. In 2013, three new stores and one shopping mall were opened in Zhejiang. In addition, one store and one shopping mall were opened in Xi'an and Tangshan respectively.

During the year, in order to improve its asset qualities, the Group divested certain non-core assets such as all of its 70% equity interests in Wenling Taiyue Real Estate Development Limited, Wenling Intime Hotel Development Limited and Wenling Intime Properties Limited. In addition, the Group also disposed all of its 60% of the equity interest in Jiaxing Intime Meiwan Xintiandi Investment and Management Company Limited ("Jiaxing Intime Xintiandi"). These divestments paved the way for the Group's sustained growth in its core business units.

OUTLOOK

2013 was a year full of challenges and encouragement. Since the Company started up the business more than a decade ago, we have never felt so strongly about the pressure and opportunities brought about by the rapid changes of the commercial community in an age witnessing sweeping reforms on the social, technological and business fronts. Some start-ups beat strong competitors whereas some once world-leading enterprises are left behind. Stagnancy will lead an enterprise towards nowhere but mediocrity. Only innovation can drive the growth and development of an enterprise. In the age of internet and technological innovation, we have to revere the technological advancement, proactively embrace reforms, and respect and hold strong belief in the power of market as well as customers.

On 31 March 2014, the Group and Alibaba Group Holding Ltd. (hereinafter "Alibaba Group") jointly announced that Alibaba Group will make HK$5.37 billion strategic investment in the Group. Both parties will integrate respective superior resources with a view to establishing a future infrastructure system open to the entire society which will fuse online purchases with offline shopping to help promote integration between the brick-and-mortar business and the Internet economy. The two parties will also form a joint venture to accelerate the construction of the system.

Chairman's Statement

Subject to fulfilment of a number of conditions precedent set out in the announcement dated 31 March 2014, including approval of shareholders at the general meeting of the Company, Alibaba Group will make the HK$5.37 billion investment through subscribing for new shares and convertible bonds of the Company. Upon completion of the transaction, Alibaba Group will hold 9.9% equity interest of the Company and convertible bonds of the Company with an aggregate amount of approximately HK$3.71 billion. As agreed between the parties, within the next three years, to the extent as permitted by applicable laws and regulations, Alibaba Group may convert the convertible bonds into the Company's ordinary shares, thus ultimately making Alibaba Group's holding in the Company not lower than 25%.

The Group is an innovation-oriented enterprise that is always open-minded to reforms and cooperation. With rapid development of technologies, we are clearly aware of the necessity to learn and apply new technologies into our business. We will be more proactive to adapt to changes of our customers. Fulfilling the dream shared by all the staff of Intime, we anticipate that this brand new Intime will be the first to enter the future retail market that can truly satisfy the requirements of customers and bring them a better shopping experience.

APPRECIATION

I would like to take this opportunity to express my sincere gratitude to our Board members and the management team, and to all the employees, business partners, customers and shareholders of the Group, for their support and contribution to the Group.

Shen Guojun
Chairman

CEO's Statement

2013 has been a challenging year for the retail markets. Amid the intensifying market competition and the slow down in consumption growth, the Group reported a total gross sales proceeds of RMB15,692.1 million for the year ended 31 December 2013, representing an increase of 12.6% as compared to that of last year. The year-on-year same store sales growth of the Group was 8.0%. For the year ended 31 December 2013, total revenue of the Group increased to RMB4,510.2 million, representing an increase of 15.4% as compared to that of last year. Profit attributable to owners of the parent was RMB1,065.2 million, representing an increase of 9.5% as compared to that of last year.

EXPANSION OF NETWORK

ZHEJIANG

During the period under review, the Group adopted a prudent approach in seeking business expansion. The Group further strengthened its position as the leading department store and shopping mall operator in Zhejiang province by opening the Shaoxing Keqiao store in April 2013. With a gross floor area of approximately 40,000 square meters, the store aims at offering modern urban household with a broad range of leading fashion merchandise across various lifestyles and becoming the main recreational and leisure shopping centre in the region.

On 26 December 2013, Haining Intime City, the Group's third shopping mall in Zhejiang province, was officially opened. With a gross floor area of approximately 130,000 square meters, Haining Intime City offers "one-stop shopping and entertainment for all ages", including department store, supermarket, luxurious cinema, KTV, video game center and featured caterings, and satisfies customers needs to the greatest extent in the region.

In addition, Hangzhou Chengxi store, with a gross floor area of approximately 24,416 square meters, was opened for business in September 2013. Huzhou Aishan store, with a gross floor area of approximately 48,216 square meters, was also opened for business in September 2013.

SHAANXI

In April 2013, the Group opened its third store in Xi'an, namely the Xi'an Xiaozhai store. With a gross floor area of approximately 70,000 square meters, it is the first community store in Xi'an offering a wide range of shopping, restaurant, entertainment and recreational facilities. Featuring the lifestyle of "Youth, Fashion, Trend, Taste", the Xi'an Xiaozhai store is aiming to set new standards in fashion and lifestyle shopping in Xi'an.

CEO's Statement

HEBEI

On 28 December 2013, Tangshan Intime City was opened for trial operations. Boasting a total gross floor area of around 72,000 square meters, Tangshan Intime City is Company's strategic entry into Tangshan and Hebei market, positioned as a local primary shopping centre, offering diversified merchandise selections and premium customer services. The opening of Tangshan Intime City has effectively enhanced the Group's competition position in the region.

As at 31 December 2013, the Group operated and managed a total of 30 department stores and 6 shopping centres with a total gross floor area of 1,774,130 square meters, including 20 department stores and 3 shopping centres located in the principal cities of Zhejiang province, 6 department stores located in Hubei province, 1 department store located in Beijing, 1 shopping centre located in Anhui province, 1 department store and 1 shopping centre located in Hebei province, and 2 department stores and 1 shopping centre located in Shaanxi province. All of the Group's stores and shopping centres are located in prime shopping locations of their respective cities and aim to provide the Group's customers with pleasant and perfect shopping experience.

DISPOSAL OF NON-CORE ASSETS

In order to focus on its core business of operation of department stores and shopping malls, on 9 January 2013, the Company entered into three equity transfer agreements with Xintai Investment Co. Ltd. to dispose all of its 70% equity interests in Wenling Taiyue Real Estate Development Limited, Wenling Intime Hotel Development Limited and Wenling Intime Properties Limited for a total cash consideration of RMB405,574,900. On the same day, the Company entered into an equity transfer agreement with Taizhou Ouxin Investment Limited to purchase 30% equity interests in Wenling Intime Shopping Mall Development Co., Ltd., for a total cash consideration of RMB90,000,000. Upon completion of the above transfers, Wenling Taiyue Real Estate Development Limited, Wenling Intime Hotel Development Limited and Wenling Intime Properties Limited will cease to be subsidiaries of the Company, while Wenling Intime Shopping Mall Development Co., Ltd. will become a wholly-owned subsidiary of the Company. Pursuant to the acquisition agreement, Taizhou Ouxin Investment Limited shall also be responsible for managing, developing, building and constructing the Wenling Intime Shopping Mall until full completion of the same in accordance with the standard and schedule specified by the Company and shall be responsible for all the constructions cost of the Wenling Intime Shopping Mall. The Group intends to open a new shopping centre at Wenling Intime Shopping Mall. The above transactions were approved by the Company's independent shareholders at the extraordinary general meeting held on 3 May 2013.

On 1 November 2013, the Group entered into an equity transfer agreement with Jiaxing Construction Investment Company Limited ("Jiaxing Construction"), to dispose all of its 60% of the equity interest in Jiaxing Intime Xintiandi for a total consideration of RMB362,488,800. As a substantial shareholder of Jiaxing Intime Xintiandi, Jiaxing Construction is a connected person of the Company. Upon the completion of the equity transfer agreement in February 2014, Jiaxing Intime Xintiandi ceased to be an indirect non-wholly owned subsidiary of the Company.

Jiaxing Intime Xintiandi was originally established for the purpose of developing the properties and operating and managing the department stores and retail outlets located in the properties situated at Meiwan Street, Jiaxing City, Zhejiang province, the PRC. However, since its establishment in 2007, the investment returns of Jiaxing Intime Xintiandi have not met the Board's original expectation. By disposing its equity interest in Jiaxing Intime Xintiandi, the Group's financial and management resources can be better devoted to its other existing business and, where appropriate, to pursue other potentially more profitable investment opportunities in the future.

CHANGE OF COMPANY NAME

A special resolution in relation to the change of the English name of the Company from ''Intime Department Store (Group) Company Limited" to "Intime Retail (Group) Company Limited" and the Chinese name of the Company from "銀泰百貨(集團)有限公司" to "銀泰商業(集團)有限公司" was duly passed by the Company's shareholders at the annual general meeting held on 31 May 2013. The new Company's name better reflects the Group's renewed strategy and focus on operating and developing three core businesses, namely Intime Department Stores (銀泰百貨), Intime Shopping Centres (銀泰購物中心) and Yintai.com (銀泰網) simultaneously.

ONLINE TO OFFLINE (O2O) INTEGRATION

On 17 October 2013, the Company entered into a strategic partnership with Tmall.com in order to further integrate its online to offline (O2O) development. During the year, not only did the Group participate in the "1111" shopping carnival, but also redesigned and updated its online stores at Tmall.com. We believe that the integration of online and offline channels will enable the Group to satisfy customer needs more effectively and to provide customers with a new and better shopping experience.

On 15 November 2013, the Company established strategic cooperation relationship with Alipay Wallet to jointly explore mobile payment and value-added customer services for off-line stores. Since November 2013, the Group has offered mobile phone "Face-to-Face Payment" service to customers in its various retail stores. The Group is the first department store chain enterprise in China to introduce Alipay's service in its physical stores, marking a cross-sector alliance between the two enterprises.

CEO's Statement

CONSUMPTION SOLUTION PROVIDER DRIVEN BY BIG DATA

The Group aims to become a consumption solution provider (消費解決方案提供商) driven by big data (大數據), so that shoppers can spend more time and have their needs fulfilled at any one of our newly designed department stores, shopping malls and online store. During the period under review, the Group continued its efforts to improve operational efficiency, merchandise mix and service quality and to provide richer shopping experience to its customers. We have made continuous efforts to achieve greater operating synergy and economies of scale in daily retail operation, to enhance the integration of new stores with the existing network and to enhance the integration of its online and offline channels. Taking care of customers is taking care of business. We take pride in serving as a "housekeeper" (消費管家) for our customers' needs and are committed to providing shopping solutions that are relevant and rewarding for customers both in store and online.

OUTLOOK

Looking forward, the Chinese Government is expected to maintain a proactive fiscal policy and a prudent monetary policy to promote the steady and relatively fast economic growth in 2014. China is still undergoing a rapid process of industrialization, urbanization, marketization and internationalization, which is expected to unleash huge investment and consumption potential to bolster the economy.

The Group will continue to maintain its long-term financial health and strong short-term financial liquidity, optimize its asset portfolio, and improve future return on investments. Meanwhile, along with the internationalization of the Chinese currency RMB, the Group will continue to identify and explore new capital markets and financial channels which could serve to reduce the overall cost of funding, and effectively manage its foreign currency exposure, strive to gain greater return for its shareholders.

The Group has held strong belief that the vision and calibers of its management team are vital for its growth. The next three to five years are expected to be an essential period for China to re-adjust its resource allocation and economic structure to improve productivity of its manufacturing, banking and service industries. Competition for talents will intensify and costs of labor will continue to increase at large pace. The Group will further nurture its internal talent pool, strengthen management training programs, expand rewarding systems for employees making outstanding contributions, and build healthy and innovative corporate culture. Following the national labor policy trend, the Group will continue to increase employees' compensation standard, meanwhile streamlining its workforce and increase productive output per capita. The Group target to continue enhancing its employee loyalty and increasing its competitiveness in the market of industry talents.

Putting customers first is our priority. The Group will continue to adhere to its "regional pre-dominance" strategy to develop itself into a leading national retail chain, managing a portfolio of large department stores and shopping malls, with competitive or dominating presence in various regions in China. In addition, the Group will continue to develop the online platform and leverage on the existing physical stores to enhance its online-offline interaction. Harnessing the latest internet technologies, the Group seek to employ omni-channel (泛渠道) strategies and pull together multi- and cross-channel offerings, including physical stores, online platforms and social media, to create a highly convenient and impactful shopping experience.

Chen Xiaodong
Chief Executive Officer

Management Discussion and Analysis

TOTAL GROSS SALES PROCEEDS AND REVENUE

For the year ended 31 December 2013, total gross sales proceeds of the Group (that is, the aggregate proceeds from direct sales, gross revenue from concessionaire sales, rental income and management fee income) was RMB15,692.1 million, representing an increase of 12.6% from RMB13,939.1 million in 2012. The growth was primarily attributable to the same store sales growth of approximately 8.0% and the inclusion of sales performance of the new stores opened in the year of 2012 and 2013. Among the total gross sales proceeds of the Group, total sales proceeds from concessionaire sales accounted for 86.1% (2012: 87.2%) and those derived from direct sales accounted for 11.5% (2012: 10.5%).

Sales proceeds from concessionaire sales increased by 11.1% to RMB13,504.4 million in the year of 2013. The commission rate of concessionaire sales was approximately 17.2% for the year of 2013, which was slightly lower than the rate of 17.4% for the year of 2012. The Group will continue to conduct regular reviews on the performance of the suppliers and concessionaires, with the aim to enhance and strengthen the merchandize mix and provide better shopping choices to its customers.

In line with the Group's strategy to increase the proportion of direct sales and to improve the Group's overall profitability, total sales proceeds from direct sales increased by 23.3% to RMB1,809.0 million for the year of 2013. Direct sales margin was approximately 14.1% for the year of 2013 (2012: 15.7%). The decrease in direct sales margin was mainly due to the expansion of merchandise mix which resulted in higher sales growth but with lower margin.

Rental income increased by 21.2% to RMB350.1 million for the year of 2013. The increase was mainly due to a more efficient use of the rental area and an increase in rentable areas from new stores opened in the year 2013 and 2012.

The Group's revenue for the year ended 31 December 2013 amounted to RMB4,510.2 million, representing a steady growth of 15.4% as compared to the year of 2012. The Group will continue to make timely adjustments to enhance the merchandise mix and the brand mix to stay ahead of the market competition.

OTHER INCOME AND GAINS

Other income of the Group amounted to RMB446.3 million, representing an increase of 26.4% as compared to RMB353.0 million in 2012. The increase was primarily due to increase in advertisement, promotion and administration income from suppliers and concessionaires.

Other gains of the Group amounted to RMB274.0 million for the year of 2013 (2012: RMB204.1 million), which is mainly comprised of a gain from the disposal of the entire equity interest in 慈溪銀泰置業有限公司 (Cixi Intime Property Co., Ltd*) as disclosed in the Company's announcements dated 9 January 2012 and 22 August 2012.

PURCHASES OF GOODS AND CHANGES IN INVENTORIES

The purchases of goods and changes in inventories represent the cost of the direct sales. In line with the growth of direct sales, the Group's cost of sales increased by 25.6% from RMB1,236.9 million in 2012 to RMB1,553.9 million in 2013.

STAFF COSTS

The Group's staff costs increased by 24.2% from RMB507.2 million in 2012 to RMB629.8 million in 2013. The increase was primarily attributable to the inclusion of the staff costs for the new stores opened in 2013 and 2012. Staff costs as a percentage of total revenue of the Group for the year 2013 was 14.0%, which was slightly higher than the ratio of 13.0% recorded in the year of 2012.

DEPRECIATION AND AMORTISATION

The Group's depreciation and amortisation increased by 18.4% from RMB382.2 million in 2012 to RMB452.7 million in 2013. The increase was primarily attributable to the inclusion of depreciation and amortisation costs for new stores opened in the year of 2013 and 2012. Depreciation and amortization as a percentage of total revenue of the Group increased from 9.8% in 2012 to 10.0% in 2013.

OTHER OPERATING EXPENSES

Other operating expenses, which mainly consisted of utility expenses, store rental expenses, advertising expenses, credit card charges, maintenance and repair expenses and other tax expenses, increased by 1.5% from RMB1,284.6 million in 2012 to RMB1,304.3 million in 2013. Other operating expenses as a percentage of total revenue in 2013 was 28.9%, which was lower than 32.9% recorded in 2012, reflecting the improvement made in the overall operating efficiency of the Group during the year.

SHARE OF LOSSES OF A JOINT VENTURE

This is the share of losses from Hangzhou Xin Hubin Commercial Development Co. Ltd. ("Xin Hubin"), a joint venture of the Company. The share of losses increased from RMB3.6 million in 2012 to RMB48.7 million in 2013 due to the increase in depreciation and interest expenses incurred by Xin Hubin.

SHARE OF PROFITS AND LOSSES OF ASSOCIATES

The share of net profits of associates for the year ended 31 December 2013 amounted to RMB275.4 million, representing an increase of 12.2% from RMB245.4 million recorded in the year of 2012. 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 and Wuhan Department Store Group Co., Ltd..

Management Discussion and Analysis

FINANCE INCOME

For the year ended 31 December 2013, finance income of the Group amounted to RMB239.0 million, representing an increase of 18.0% from RMB202.5 million recorded in 2012. This was mainly due to the increase from other interest income.

FINANCE COSTS

For the year ended 31 December 2013, finance costs of the Group amounted to RMB184.1 million, representing an increase of 3.8% from RMB177.4 million recorded in 2012.

INCOME TAX EXPENSE

The Group's income tax expense increased from RMB300.1 million in 2012 to RMB435.1 million in 2013. The effective tax rate of the Group was 27.7% in 2013, which was higher than the rate of 22.7% recorded in 2012.

PROFIT FOR THE YEAR

As a result of the reasons mentioned above, profit for the year increased to RMB1,136.4 million in 2013, representing an increase of 11.4% from RMB1,020.5 million in 2012.

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

Profit attributable to owners of the parent increased to RMB1,065.2 million in 2013, representing an increase of 9.5% from RMB972.5 million in 2012.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and cash equivalents amounted to RMB1,738.5 million as at 31 December 2013, representing a decrease of 17.9% from the balance of RMB2,117.4 million as at 31 December 2012. For the year ended 31 December 2013, the Group's net cash inflow from operating activities amounted to RMB831.0 million (2012: RMB841.8 million), the Group's net cash outflow from investing activities amounted to RMB1,848.8 million (2012: RMB573.0 million), and the Group's net cash inflow from financing activities amounted to RMB580.6 million (2012: RMB189.0 million).

As at 31 December 2013, the Group's borrowings, including bank and other borrowings and RMB guaranteed bonds amounted to RMB5,752.5 million (31 December 2012: RMB4,804.4 million). The gearing ratio, calculated by total interest-bearing bank and other borrowings and guaranteed bonds over the total assets of the Group, increased to 25.5% as at 31 December 2013 (31 December 2012: 22.6%). The Group believes that the increased gearing ratio is still at a healthy level.

On 28 June 2013, the Group entered into a dual-currency three-year term loan facility agreement for amounts up to USD266,588,000 and HKD750,000,000 respectively with a syndicate of banks (the "Term Loan Facility"). The Term Loan Facility has been used to refinance the Group's existing indebtedness, including the HKD1,941,000,000 convertible bonds due October 2013, and to finance the Group's general corporate funding requirements.

NET CURRENT LIABILITIES AND NET ASSETS

The net current liabilities of the Group as at 31 December 2013 amounted to RMB2,002.6 million, compared to RMB2,571.5 million as at 31 December 2012. Net assets of the Group as at 31 December 2013 amounted to RMB9,003.2 million, representing an increase of 10.1% from RMB8,175.1 million as at 31 December 2012.

PLEDGE OF ASSETS

Certain buildings, investment properties, land use rights, properties under development and time deposits with a carrying amount of RMB4,054.5 million have been pledged to the Industrial and Commercial Bank of China, Agricultural Bank of China, China CITIC Bank, Bank of China, Shanghai Pudong Development Bank and Standard Chartered Bank to obtain bank facilities in the aggregate amount of RMB5,165.6 million as at 31 December 2013. 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 Term Loan Facility is denominated in Hong Kong dollars and United States dollars. In addition, the Company pays dividend in Hong Kong dollars. Any significant exchange rate fluctuations of Hong Kong dollars and United States 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, Hong Kong dollars and United States dollars exchange rate movement.

Management Discussion and Analysis

STAFF AND REMUNERATION POLICY

As at 31 December 2013, the total number of employees for the Group was 9,095. 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. Such rewards are aimed to further align the interests of its employees with that of the Group, to attract talented individuals, and to create long term incentives for its staff.

CONTINGENT LIABILITIES

Details of the contingent liabilities are set out in note 42 to the financial statements.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Shen Guojun, 51, was appointed as the chairman of the Company (the “Chairman”) and executive Director of the Company in November 2006. Mr. Shen is responsible for major decision making of the Group and coordination and management of the Board in general. Mr. Shen has served as chairman of the board of directors of Intime International Holdings Limited since February 2006, and as chairman of Zhejiang Intime and Shanghai Intime since their establishment in 1997 and 2005, respectively. Also, Mr. Shen has in the past, during the period between 1998 and 2006, held indirect investments in department store businesses in Dalian, Chongqing and Shenyang. From June 2003 to June 2007, Mr. Shen also acted as an independent director of Shanghai Tongda Venture Capital Co. Ltd, which is listed on the Shanghai Stock Exchange. He has extensive experience in the department store industry, real estate industry and capital markets. Since December 1996, Mr. Shen has served as chairman of China Yintai Holdings Company Limited (“China Yintai”). From July 1988 to November 1996, he worked for China Construction Bank group in various management roles. Mr. Shen obtained a Master’s degree in Economics from Zhongnan University of Finance and Economics.

Mr. Chen Xiaodong, 45, was appointed as executive Director of the Company in June 2011. Mr. Chen, who has been serving as the President and Chief Executive Officer of the Company since January 2009, is responsible for the overall management of the Group and leading the management team to implement strategies and objectives adopted by the Board. Mr. Chen joined the Company as Vice President in February 2007 and served as the Chief Operating Officer of the Company from July 2007 to January 2009. Mr. Chen has extensive experience in the department store industry, financial management and capital markets. He held various managerial positions in both publicly listed and private companies prior to joining the Company. Notably, he was the Vice Chairman and President of Science City Development Public Co., Ltd, a company listed on the Shenzhen Stock Exchange, from October 2004 to November 2008, and a director of Baida Group Company Limited, a company listed on the Shanghai Stock Exchange, from May 2008 to May 2011. He was also the Assistant General Manager of the Investment Management Department of China Everbright Holdings Company Limited, from May 2001 to August 2004. Mr. Chen obtained a Bachelor degree in Economics from Zhongshan University and a Master degree in Business Administration from Murdoch University, Australia.

Directors and Senior Management

NON-EXECUTIVE DIRECTORS

Mr. Xin Xiangdong, 57, was appointed as a non-executive Director of the Company in February 2007. Mr. Xin has many years of experience in investment and capital markets. He has been a director of Science City Development Public Co., Ltd., which is listed on the Shenzhen Stock Exchange since October 2005. From May 2001 to April 2004, Mr. Xin was the Vice General Manager of Minsheng Investment Credit Assurance Co., Ltd. and Shanghai Shenhua Holdings Co., Ltd. From June 2000 to May 2001, he was the Senior Vice General Manager of Beijing Langxin Information System Co., Ltd. Mr. Xin received his Master's degree in Economics from Huadong Normal University.

Mr. Wong Luen Cheung Andrew, 56, was appointed as a non-executive Director of the Company in May 2013. Mr. Wong is a director of Henderson China Properties Limited and the senior advisor to Mr. Lee Ka Kit, who is the vice chairman of the board of Henderson Land Development Company Limited, a company listed on The Stock Exchange of Hong Kong Limited (Stock Code: 12). Mr. Wong is also an independent non-executive director of China CITIC Bank Corporation Limited, a company listed on The Stock Exchange of Hong Kong Limited (Stock Code: 998), the chairman of its nomination and remuneration committees and a member of its audit committee, an external director of Shenzhen Yantian Port Group Co., Ltd., an independent non-executive director of ACE Life Insurance Co., Ltd., a director of China Overseas Friendship Association and a director of China Tongxin Warm Project Foundation. Mr. Wong was an independent non-executive director of China Minsheng Banking Corp., Ltd., a company listed on The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange, from July 2006 to May 2012, and was also a member of its audit committee, risk management committee and nomination committee and the chairman of its compensation and remuneration committee.

Mr. Wong had held various senior positions at the Royal Bank of Canada, including the assistant representative for China operations, representative of southern China, and branch manager of its Shanghai branch, and the Union Bank of Switzerland, including the head of China desk and an executive director of its debt capital markets division in the past. Mr. Wong previously also served as a director of China Citicorp International Limited, a merchant banking arm of Citibank. Further, Mr. Wong was the head of Greater China business of Hang Seng Bank Limited and the managing director of the corporate and investment banking — Greater China of DBS Bank Limited, Hong Kong. Mr. Wong has been a member of the 3rd, 4th and 5th session of CPPCC Guangdong Provincial Shenzhen Municipal Committee since 2002. He has served as the part-time vice chairman of the Committee for Liaison with Hong Kong, Macau, Taiwan and Overseas Chinese and Foreign Affairs since 2011. In addition, since 2011, Mr. Wong has served as the deputy head of the Finance Committee of Association for Promotion of Cooperation between Guangdong, Hong Kong and Macau of Guangdong Province. Mr. Wong was awarded the National Excellent Independent Director by the Shanghai Stock Exchange in 2010. Mr. Wong also received the Medal of Honour (Hong Kong SAR) from the Hong Kong SAR Government in 2011. Since 2013, Mr. Wong has been a member of 11th session of CPPCC Shaanxi Provincial Committee.

Mr. Liu Dong, 49, was appointed as a non-executive Director of the Company in December 2011. Mr. Liu joined Government of Singapore Investment Corporation ("GIC") in 2007 and currently serves as a senior vice president and head of the Funds and Co-Investments Group, Asia (Greater China). From 2003 to 2007, Mr. Liu worked at the China office of International Finance Corporation ("IFC") as a principal investment officer and deputy country manager. From 1998 to 2003, Mr. Liu worked at IFC's Washington office as a senior investment officer. Mr. Liu joined the World Bank Group under the Young Professional Program in Washington in 1994, and worked as an economist at the World Bank Group from 1995 to 1998. Mr. Liu received a Bachelor of Science degree and a Master of Science degree from Shanghai Jiao Tong University in 1986 and 1988, respectively, as well as a PhD degree from Wharton School, University of Pennsylvania in 1993.

Mr. Lee Ka Kit, JP, 50, was appointed as a non-executive Director of the Company in January 2011 and retired as a Director of the Company at the Company's annual general meeting in May 2013. Mr. Lee is a member of the National Standing Committee of the Chinese People's Political Consultative Conference, and is an executive director and the vice chairman of Henderson Land Development Company Limited and Henderson Investment Limited as well as a director of The Hong Kong and China Gas Company Limited, all of which are companies listed on The Stock Exchange of Hong Kong Limited. He was appointed as a Justice of the Peace by the Government of the Hong Kong Special Administrative Region and awarded an Honorary University Fellowship by The University of Hong Kong in 2009. Mr. Lee was educated in the United Kingdom.

Mr. Shi Chungui, 73, was appointed as an independent non-executive Director of the Company in May 2008. Mr. Shi was previously a non-executive director of Aluminum Corporation of China Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 02600) and an independent non-executive director of China National Materials Company Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 01893). Mr. Shi has intensive experience in accounting, government and business administration. Mr. Shi was previously the Vice Director of Commerce Bureau of Qinhuangdao City, Hebei Province; the Deputy Mayor and Standing Deputy Mayor of Qinhuangdao City, Hebei Province; the President of Hebei Branch of China Construction Bank, the President of Beijing Branch of China Construction Bank and the Deputy President of the Head Office of China Construction Bank; the Deputy President of China Cinda Asset Management Corporation and the Vice Chairman of Tianjin Pipe Co. Ltd. He graduated from the Finance Faculty of Dongbei University of Finance and Economics in 1964. Mr. Shi is a senior economist.

Directors and Senior Management

Mr. Yu Ning, 60, was appointed as an independent non-executive Director of the Company in June 2009. He is an independent director of Bank of Beijing Co., Ltd. (Stock Code: 601169) and China CSSC Holdings Limited (Stock Code: 600150), both companies listed on The Shanghai Stock Exchange. He is also an independent director of United Mechanical and Electrical Co., Ltd. (Stock Code: 000925) and BOE Technology Group Co., Ltd. (Stock Code: 000725), both companies listed on the Shenzhen Stock Exchange. Mr. Yu is also an independent non-executive director of Beijing Enterprises Water Group Limited (Stock Code: 371), an independent supervisor of the People's Insurance Company (Group) of China Limited (Stock Code: 1339) and was an independent non-executive director of Huaneng Power International, Inc. (Stock Code: 902), these three companies listed on the main board of The Stock Exchange of Hong Kong Limited. Mr. Yu was previously the president of All China Lawyers Association. Mr. Yu graduated from the law department of Peking University with a bachelor degree in 1983 and obtained a master degree specialising in economic law from the law department of Peking University in 1996. He is a qualified PRC lawyer.

Mr. Chow Joseph, 50, was appointed as an independent non-executive Director of the Company in February 2007. Mr. Chow has accumulated ample experience and knowledge in formulating and monitoring investment strategies through his roles as chief financial officer of various companies and his senior managerial roles in various financial institutions' investment related functions. Mr. Chow was previously a Managing Director of Moelis & Co (China). Mr. Chow was the Chief Financial Officer of China Netcom (Holdings) Company Limited ("China Netcom"), director of strategic planning with Bombardier Capital Inc. ("Bombardier Capital"), and vice president of international operations with Citigroup. China Netcom is one of China's largest telecommunication service providers, and Mr. Chow participated in substantially all of its strategic decision making process during that period. Mr. Chow also headed China Netcom's strategic equity investment operations and was involved in investments in ten joint ventures by China Netcom. While he was the head of Bombardier Capital's strategic planning division, Mr. Chow oversaw its strategic planning and expansion. In his role as Vice President of Citi Capital, now part of Citigroup, Mr. Chow led his team to evaluate potential acquisition opportunities and executed over US$10 billion worth of mergers and acquisitions transactions in North America, Europe and Asia. While at Citigroup, Mr. Chow was also involved in monitoring the quality and performance of a US$12 billion international loan portfolio. Mr. Chow obtained a Bachelor of Arts degree in political science from Nanjing Institute of International Relations, and a Master of Business Administration from the University of Maryland at College Park.

SENIOR MANAGEMENT

Mr. Zou Minggui, 50, has been Vice President of the Company since October 2009, and Chief Operations Officer of the Company and its regional general manager of central China region since October 2013. He is responsible for the Group's operational management, group purchase department and business development in central China region. Before joining the Company, he was an executive director of the Maoye International Holdings Limited and was responsible for overall operational management and business development in China. Mr. Zou has over ten years of experience in the retail industry, and has served as department manager of the Xiehe Group, deputy general manager and general manager of the Shenzhen Maoye Commercial Buildings Co., Ltd., director and general manager of Chengdu People's Department Store (Group) Co., Ltd., and executive director and group general manager of Maoye International Holdings Limited. He obtained a master's degree in business administration from China Europe International Business School in 2007.

Mr. Yuan Fei, 43, has been Chief Financial Officer of the Company since November 2007 and Vice President of the Company since July 2007. He is responsible for the Group's financial management, operational compliance, investor relations and capital market transactions. Before joining the Company, he was senior vice president of Capital Markets at Panva Gas Holdings Ltd. (now renamed as Towngas China Company Limited, Stock Code: 1083) from 2004 to 2007, and before that, he had been working in multinational conglomerate and consulting companies in the U.S. for six years, specialising in strategy and corporate finance. He holds a bachelor's degree in material science from Tsinghua University and an MBA degree from Yale School of Management.

Mr. Gary Wang, 37, has been Vice President of the Company since January 2014. He is responsible for the Company's investment, legal & compliance and information technology. He had been Assistant to President of the Company since February 2012 and general manager of financial management department of the Company since March 2008, responsible for the Group's financial management. Prior to joining the Company, he took various financial management positions in Veolia Water, Asia Pacific and ABB China from 1999 to 2008. He graduated from the accounting department of Renmin University of China in 1999 and obtained a bachelor's degree in economics.

Mr. Zhang Pingan, 46, joined the Company in February 2013 as Assistant President. He has served concurrently as general manager of the administration office of the Group since September 2013. He is responsible for work related to projects, properties and the administration office. Before joining the Company, he was director of internationally renowned real estate services provider Savills for 15 years. He has many years of experience in project management for large-scale integrated complexes, property management and ample experience in site management. He graduated from the electrical engineering department of Beijing University of Civil Engineering and Architecture in 1990 and obtained a bachelor's degree.

Directors and Senior Management

Mr. Wei Biao, 51, has been Assistant President of the Group and general manager of the department store department since January 2014. Before joining the Group, he was general manager of Times Square in Wenzhou. He has 20 years of experience in the department store retail industry. Mr. Wei graduated from Shanghai University of Engineering Science, majoring in industrial management engineering, and obtained an EMBA degree from Renmin University of China.

Mr. Cheng Yongjiang, 39, has been Assistant President of the Group since March 2013. He has been general manager of the Group's marketing planning department since January 2011, responsible for the Group's marketing planning. Mr. Cheng joined the Group in May 2006 and previously served as deputy general manager of the Group's marketing planning department, deputy general manager of central Zhejiang region cum general manager of Intime City, general manager of central Zhejiang region cum general manager of Intime City, and general manager of the Group's marketing planning department cum deputy general manager of northern Zhejiang region. Before joining the Group, he held store and group managerial positions in operations and planning at Shenzhen Haiya Department Store Co., Ltd. and Shenzhen Maoye Commercial Buildings Co., Ltd. Mr. Cheng graduated from the Chinese department of Hangzhou University.

Ms. Duan Jianyang, 41, has been Assistant to President of the Company since April 2013. She is responsible for management work in the Group's shopping mall department. She joined the Group in August 2010 as regional general manager of Anhui region, and is responsible for development in Anhui region and setting up and operation of Hefei Yintai Centre. Before joining the Company, Ms. Duan served successfully as business manager, director of business development centre, general manager of Anhui Ruijing Commercial Co., Ltd. She has over 10 years of experience in the retail industry and has accumulated strong experience in business promotion. Ms. Duan graduated from Hefei University in Anhui, majoring in Chinese.

Corporate Governance Report

The Board is pleased to present this Corporate Governance Report in the annual report of the Group for the year ended 31 December 2013.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining and ensuring high standards of corporate governance practices and procedures with a view to being a transparent and responsible organization that is open and accountable to the shareholders. The Board has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all shareholders to ensure the transparency and accountability of the operations of the Company. The Company believes that effective corporate governance is an essential factor for creating more value for its shareholders.

The Company complied with the code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the period from 1 January 2013 to 31 December 2013. The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code.

The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board, in order to enhance shareholders' value.

BOARD OF DIRECTORS

Board Composition

As at 31 December 2013, the Board comprised of eight Directors, including two executive Directors, namely Mr. Shen Guojun and Mr. Chen Xiaodong; three non-executive Directors, namely Mr. Xin Xiangdong, Mr. Liu Dong and Mr. Wong Luen Cheung Andrew and three independent non-executive Directors, namely Mr. Shi Chungui, Mr. Yu Ning and Mr. Chow Joseph. Mr. Shen Guojun is the Chairman of the Board. On 31 May 2013, Mr. Lee Ka Kit resigned as a non-executive Director of the Company and Mr. Wong Luen Cheung Andrew was appointed as a non-executive Director of the Company.

Biographical details of the Directors are set out on pages 19 to 22 of this annual report. None of the members of the Board are related to one another. The composition of the Board is well balanced with each Director having sound knowledge, experience and expertise relevant to the business operations and development of the Group. A list of the Directors identifying their role and function and whether they are independent non-executive Directors are available on the Company's website and the Stock Exchange's website.

Corporate Governance Report

Chairman and Chief Executive Officer

The Chairman of the Board, Mr. Shen Guojun, is responsible for the overall management of and leadership for the Board and ensuring that good corporate governance practices and procedures are established. He is also responsible to ensure all Directors receive adequate information in a timely manner and are properly briefed on issues arising on board meetings.

The Chief Executive Officer, Mr. Chen Xiaodong, is responsible for managing the day-to-day operations of the Group's business.

In compliance with the CG Code, the Company has kept these roles separated and distinctive as this ensures better checks and balances and hence better corporate governance.

Independent Non-executive Directors

Independent non-executive Directors have played a significant role in the Board by bringing their independent judgment to the Board meeting and scrutinizing the Group's performance. Their views carry significant weight in the Board's decision; in particular, they bring an impartial view to issues relating to the Group's strategy, performance and control. All independent non-executive Directors possess extensive academic, professional and industry expertise and management experience and have provided their professional advice to the Board. The independent non-executive Directors provide independent advice on the Group's business strategy, results and management to ensure that all interests of shareholders are taken into account, and the interests of the Company and its shareholders are protected.

The Board has three independent non-executive Directors, in compliance with Rule 3.10(1) of the Listing Rules, which requires that every board of directors of a listed issuer must include at least three independent non-executive Directors. In addition, at least one independent non-executive Director, namely, Mr. Chow Joseph, possesses appropriate professional accounting qualifications or financial management expertise in accordance with Rule 3.10(2) of the Listing Rules. The Company has appointed three independent non-executive Directors, representing more than one-third of the Board, in compliance with Rule 3.10A of the Listing Rules.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the independent non-executive Directors are independent within the definition of the Listing Rules.

Appointment and Re-election of Directors

All the executive Directors, non-executive Directors and independent non-executive Directors are engaged on a service contract/letter of appointment with the Company for a specific term of three years, and are subject to retirement by rotation and re-election at an annual general meeting at least once every three years in accordance with the articles of association of the Company.

In accordance with the articles of association of the Company, a person may be appointed as a Director either by the shareholders in general meeting or by the Board. Any Directors appointed by the Board as additional Directors or to fill casual vacancies shall hold office until the next general meeting, and are eligible for re-election by the shareholders. In accordance with the articles of association of the Company, no less than one-third in number of the Directors shall retire from office by rotation at each annual general meeting of the Company and may offer themselves for re-election at the annual general meeting.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. All directors carry out their duties in good faith and in compliance with applicable laws and regulations, taking decisions objectively, and acting in the interests of the Company and its shareholders at all times.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the Chief Executive Officer and the management.

Corporate Governance Report

Continuous Professional Development of Directors

Directors keep abreast of responsibilities as a director of the Company and of the conduct, business activities and development of the Company.

Every newly appointed director will receive formal, comprehensive and tailored induction on the first occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All directors are encouraged to attend relevant training courses at the Company's expenses.

The Directors are required to provide the Company with details of the continuous professional development training undertaken by them from time to time. A summary of the training received by the Directors during the period from 1 January 2013 to 31 December 2013 is as follows:

Name of Director	**Training** *(Notes)*
Shen Guojun	A,B
Chen Xiaodong	A,B
Xin Xiangdong	A,B
Lee Ka Kit (resigned on 31 May 2013)	A,B
Wong Luen Cheung Andrew (appointed on 31 May 2013)	A,B
Liu Dong	A,B
Shi Chungui	A,B
Yu Ning	A,B
Chow Joseph	A,B

Notes:
A: Attending seminar/training on corporate governance matters
B: Reading materials and updates relating to corporate governance matters

The Company has been encouraging the Directors to participate in continuous professional development courses and seminars organized by professional institutions or professional firms and reading materials on relevant topics so that they can continuously update and further improve their relevant knowledge and skills. Directors are also provided with updates from time to time on the Group's business, operations and financial matters.

Board Proceedings

Board meetings will be held at least four times a year with additional meetings convened as and when necessary to discuss the overall strategic directions, the Group's operations, financial performance, and to approve interim and annual results and other significant matters. For regular meetings, Board members are given at least 14 days prior notice and agenda with supporting papers are sent to Directors not less than 3 days before the relevant meeting is held. Directors may propose to the Chairman or the company secretary of the Company (the "Company Secretary") to include matters in the agenda for regular board meetings.

Directors are requested to declare their direct or indirect interests, if any, in any proposals or transactions to be considered by the Board at board meetings and abstain from voting in favour of the related board resolutions as appropriate.

The Company Secretary is responsible to keep minutes of all Board and committee meetings. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection.

All Directors have access to the advice and services of the Company Secretary with a view to ensuring the Board procedures are followed. The non-executive Directors and independent non-executive Directors may obtain independent professional advice at the Company's expense in carrying out their functions, upon making request to the Chairman of the Board.

Directors' and Officers' Insurance

The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and officers.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding directors' dealings in the Company's securities (the "Code of Conduct") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiries of all the Directors, all of them confirmed that they have complied with required standard set out in the Model Code and the Code of Conduct throughout the year ended 31 December 2013.

The Company has also established written guidelines no less exacting than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

Corporate Governance Report

BOARD DIVERSITY POLICY

The Company has formulated the board diversity policy in August 2013 aiming at setting out the approach on diversity of the Board.

The Board recognizes the importance of having a diverse Board in enhancing the board effectiveness and corporate governance. A diverse Board will include and make good use of differences in the skills, industry knowledge and experience, education, background and other qualities of Directors of the Company and does not discriminate on the ground of race, age, gender or religious belief. These differences will be taken into account in determining the optimum composition of the Board and when possible should be balanced appropriately.

The Nomination Committee of the Company has responsibility of identifying and nominating for approval by the Board, candidates for appointment to the Board. It takes responsibility in assessing the appropriate mix of experience, expertise, skills and diversity required on the Board and assessing the extent to which the required skills are represented on the Board and overseeing the Board succession. The Nomination Committee is also responsible for reviewing and reporting to the Board in relation to Board diversity. Board appointments will be based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates to join the Board will be, in part, dependent on the pool of candidates with the necessary knowledge, experience, skills, educational background and other qualities. The final decision will be based on merit and contribution the chosen candidate will bring to the Board. The Board considers that Board diversity, including gender diversity, is a vital asset to the business. At present, the Nomination Committee has not set any measurable objectives to implement the board diversity policy. However, it will consider and review the board diversity policy and setting of any measurable objects from time to time.

BOARD COMMITTEES

The Board has established four committees, namely, the Audit Committee, Remuneration Committee, Nomination Committee and Strategic Development Committee for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees (except the Strategic Development Committee) are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

Except the Strategic Development Committee, all of the members of each Board committee are independent non-executive Directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" on page 3.

All Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

Audit Committee

The Audit Committee currently comprises of three members, namely Mr. Shi Chungui, Mr. Yu Ning and Mr. Chow Joseph, all of whom are independent non-executive Directors. The Committee is chaired by Mr. Chow Joseph, an independent non-executive Director, who possesses the appropriate accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The principal responsibilities of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. These include reviewing the Group's interim and annual reports. The Audit Committee also oversees the engagement of the external auditor and reviews its independence as well as the effectiveness of the audit process.

During the year under review, the Audit Committee had reviewed the Group's interim and annual results and the effectiveness of the internal control system. The Audit Committee also considered and reviewed the reports prepared by the external auditors relating to accounting and internal control issues and major findings in the course of audit.

The Audit Committee also met the external auditors twice without the presence of the executive Directors.

Remuneration Committee

The Remuneration Committee currently comprises of three members, namely Mr. Shi Chungui, Mr. Yu Ning and Mr. Chow Joseph, all of whom are independent non-executive Directors. The Committee is chaired by Mr. Shi Chungui, an independent non-executive Director.

The principal responsibilities of the Remuneration Committee are to review and make recommendations to the Board on the overall remuneration structure and policy as well as the specific remuneration packages for the Directors and senior management and on the establishment of a formal and transparent process for developing such remuneration policy. No director will take part in any discussion on his own remuneration.

During the year under review, the Remuneration Committee had reviewed the remuneration packages for all the Directors and senior management, including the grant of options under the share option scheme adopted by the Company.

The principal elements of the executive remuneration package include basic salary, allowances, discretionary bonus and share options. The emoluments received by every executive director and senior executive are based on time commitment and responsibilities to be undertaken, and are determined with reference to corporate and individual performance as well as remuneration benchmark in the industry and the prevailing market conditions. The primary goal of the remuneration policy on executive remuneration packages is to enable the Company to retain and maintain a stable, motivated and high caliber management team by linking their remuneration with performance as measured against corporate objectives.

The remuneration of non-executive Directors and independent non-executive Directors is subject to annual assessment and determined with reference to their qualifications, experience, level of involvement in the Company's affairs and the comparable remuneration standard in the market.

Details of the remuneration of each Director and the remuneration of the members of the senior management by band for the year ended 31 December 2013 are set out in note 9 and note 46 respectively to the financial statements.

Nomination Committee

The Nomination Committee currently comprises of three members, namely Mr. Shi Chungui, Mr. Yu Ning and Mr. Chow Joseph, all of whom are independent non-executive Directors. The Committee is chaired by Mr. Yu Ning, an independent non-executive Director.

The responsibilities of the Nomination Committee are to review the structure, size and composition, including the skills, knowledge, experiences and diversity of the Board and make recommendations to the Board regarding any proposed changes. The Nomination Committee is also responsible to identify and nominate suitable candidates qualified to become Board members and makes recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors if necessary, in particular, to identify and nominate candidates who can add value to the management through their contributions in the relevant strategic business areas and which appointments will result in the constitution of a stronger and more diverse Board. A candidate to be appointed as an independent non-executive Director must also meet the independence requirement set out in Rule 3.13 of the Listing Rules.

During the year under review, the Nomination Committee had reviewed the structure, size, composition and diversity of the Board and the independence of the independent non-executive Directors, and considered the qualifications of the retiring directors standing for election at the annual general meeting.

Corporate Governance Function

The Company's corporate governance function is carried out by the Board pursuant to a set of written terms of reference adopted by the Board in compliance with code provision D.3.1 of the CG Code, which include (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; (b) to review and monitor the training and continuous professional development of the Directors and senior management of the Group; (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (d) to develop, review and monitor the code of conduct and compliance manual applicable to employees of the Group and the Directors; and (e) to review the Company's compliance with the CG Code, and relevant disclosure in the corporate governance report of the annual report of the Company.

During the year ended 31 December 2013, the Board has reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Code of Conduct, Model Code and Employees Written Guidelines, and the Company's compliance with the CG Code and relevant disclosure in this corporate governance report of the annual report of the Company.

Strategic Development Committee

The Strategic Development Committee currently comprises of two members, namely Mr. Shen Guojun, an executive Director, and Mr. Xin Xiangdong, a non-executive Director. The Committee is chaired by Mr. Shen Guojun, an executive Director.

The primary duty of the Strategic Development Committee is to develop and evaluate the effectiveness of the Company's strategic plans by reviewing and assessing proposals for consideration by the Board regarding:

(i) strategic development plans;

(ii) capital allocation plans;

(iii) organic expansion plans;

(iv) merger and acquisition plans; and

(v) significant investment and financing plans.

During the year under review, the Strategic Development Committee had frequently held meetings to discuss strategic development plans of the Company.

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board and Board Committee meetings and the general meetings of the Company held during the year ended 31 December 2013 is set out in the table below:

	Attendance/Number of Meetings *(Note 1)*					
Name of Director	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Annual General Meeting**	**Extraordinary General Meeting**
Shen Guojun	6/6	–	–	–	1/1	1/1
Chen Xiaodong	6/6	–	–	–	1/1	1/1
Xin Xiangdong	6/6	–	–	–	1/1	1/1
Lee Ka Kit (resigned on 31 May 2013)	3/3	–	–	–	1/1	1/1
Wong Luen Cheung Andrew (appointed on 31 May 2013)	3/3	–	–	–	0/0	0/0
Liu Dong	6/6	–	–	–	1/1	1/1
Shi Chungui	6/6	2/2	1/1	1/1	1/1	1/1
Yu Ning	6/6	2/2	1/1	1/1	1/1	1/1
Chow Joseph	6/6	2/2	1/1	1/1	1/1	1/1

Note 1: Number of Meetings held during the year ended 31 December 2013 or during the tenure of the Director for such financial year (if such Director was appointed or ceased to be as Director part way during the financial year).

Apart from regular Board meetings, the Chairman also held a meeting with the non-executive Directors (including independent non-executive Directors) without the presence of executive Directors during the year.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2013.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

EXTERNAL AUDITORS

The Group's independent external auditors are Ernst & Young. The report of the auditors of the Company on their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditors' Report on pages 56 to 57.

For the year ended 31 December 2013, the remuneration paid by the Company to the external auditors for the performance of audit services and non-audit services were approximately RMB3,200,000 and HK$30,000 respectively. The main non-audit services provided by the external auditors include tax services.

The Audit Committee is responsible for making recommendations to the Board as to the appointment, reappointment and removal of the external auditors, which is subject to the approval by the Board of Directors and at the general meetings of the Company by its shareholders. Certain factors the Audit Committee will take account of when assessing the external auditors include the audit performance, quality, objectivity and independence of the auditors.

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditor during the year under review.

INTERNAL CONTROL

The Board is responsible for maintaining sound and effective internal control systems for the Group in order to safeguard the Group's assets and shareholders' interests. Procedures have been designed for safeguarding assets against unauthorized use or disposition, ensuring the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensuring compliance of applicable laws, rules and regulations. The Internal Audit Department of the Company, which reports directly to the Audit Committee and is independent of the Group's daily operations, is responsible for conducting regular audit on the major activities of the Group. Its objective is to ensure that all material controls, including financial, operational and compliance controls and risk management functions are in place and functioning effectively.

During the year ended 31 December 2013, the Board, through the Audit Committee, reviewed the overall effectiveness of the Group's system of internal control over financial, operational and compliance issues, risk management process, information systems security and effectiveness of financial reporting and compliance with Listing Rules, and is satisfied that such systems are effective and adequate. The Board also reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

Corporate Governance Report

COMPANY SECRETARY

The Company Secretary is Mr. Chow Hok Lim, a member of The Hong Kong Institute of Certified Public Accountants. Mr. Chow complied with Rule 3.29 of the Listing Rules of taking no less than 15 hours of relevant professional training.

SHAREHOLDERS' RIGHTS

To safeguard shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at shareholder meetings, including the election of individual directors. All resolutions put forward at shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each shareholder meeting.

Procedures for Shareholders to Convene an Extraordinary General Meeting and to put forward Proposals at Shareholders' Meeting

Pursuant to article 79 of the articles of association of the Company, any two or more shareholders or any one shareholder which is a recognised clearing house (or its nominee) holding, as at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company can deposit a written request to convene an extraordinary general meeting ("EGM") at the principal place of business of the Company in Hong Kong at Unit 1703, 17/F., Admiralty Centre, Tower 2, 18 Harcourt Road, Hong Kong for the attention of the Company Secretary.

The Company will verify the request with the Company's branch share registrars in Hong Kong and upon their confirmation that the request is proper and in order, the Board will be asked to convene an EGM by serving sufficient notice to all the registered shareholders in accordance with the requirements set out in the Listing Rules and the articles of association of the Company. In the event that the request has been verified as not in order, the shareholders concerned will be advised of this outcome and accordingly, an EGM will not be convened as requested.

If within 21 days from the date of deposit of the requisition, the Board does not proceed duly to convene an EGM, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Procedures for Shareholders to Propose a Person for Election as a Director

Pursuant to article 116 of the articles of association of the Company, if a shareholder wishes to propose a person other than a Director of the Company for election as a Director at any general meeting, the shareholder can deposit a written notice to that effect at Unit 1703, 17/F., Admiralty Centre, Tower 2, 18 Harcourt Road, Hong Kong, the principal place of business of the Company in Hong Kong, for the attention of the Company Secretary.

In order for the Company to inform shareholders of that proposal, the written notice must state the full name of the person proposed for election as a Director, include the person's biographical details as required by rule 13.51(2) of the Listing Rules, and be signed by the shareholder concerned and that person indicating his/her willingness to be elected.

The period for lodgment of such a written notice will commence no earlier than the day after the despatch of the notice of the relevant general meeting and end no later than seven days prior to the date of the general meeting.

Voting at and Notice of General Meetings

As required by the Listing Rules, the Company conducts all voting at general meetings by poll. To compile with the Listing Rules, notices to shareholders will be sent in the case of annual general meetings at least 20 clear business days before the meeting and at least 10 clear business days in the case of all other general meetings.

Pursuant to article 80 of the articles of association of the Company, an annual general meeting and a meeting called for the passing of a special resolution shall be called by twenty-one days' notice in writing at the least, and a meeting of the Company other than an annual general meeting or a meeting for the passing of a special resolution shall be called by fourteen days' notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given.

Procedures for Sending Enquires to the Board

Shareholders may at any time forward their enquiries to the Board in writing for the attention of the Board or Company Secretary via the following Address: Unit 1703, 17/F., Admiralty Centre, Tower 2, 18 Harcourt Road, Hong Kong

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Corporate Governance Report

CONSTITUTIONAL DOCUMENTS

There is no change in the Company's constitutional documents during the year. Updated consolidated versions of the Company's memorandum and articles of association are available on the websites of the Company and the Stock Exchange.

INVESTOR RELATIONS

The Group places high regard on investor relations and is dedicated to promoting effective communication with investors. This is done by using different channels to disseminate information and receive feedbacks in a timely, accurate and comprehensive manner.

During the year under review, the Group regularly participated in various investor conferences, meetings and teleconferences to exchange ideas with investors and respond to their enquiries. Briefings for analysts are arranged on a regular basis to provide information on the Group's final and interim results announcements and recent business developments. Besides providing extensive information about the Group to investors and analysts, these meetings also enable the senior management to understand investors' expectations and concerns.

The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings. The Chairman and chairmen of Audit Committee, Remuneration Committee and Nomination Committee, or, in their absence, other members of the respective committees, will make themselves available at the annual general meetings to meet shareholders and answer their enquiries. The external auditors of the Company will also attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditors' report and auditor independence.

To ensure all investors have equal and timely access to its information, the Group disseminates corporate information such as final and interim results announcements and press releases on its website www.intime.com.cn promptly and in compliance with the relevant requirements. Comprehensive information on the Group's background and its projects are also available on the corporate website. Looking ahead, the Group will continue to provide adequate information disclosure and maintain a high standard of corporate governance. By doing so, this will help build up investors' confidence in the Group. The Group will also continue to pursue a proactive approach in investor relations, with the ultimate goal of enhancing shareholder value.

Report of the Directors

The directors have pleasure in submitting their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are operations and management of department stores and shopping malls in the PRC. The activities of its principal subsidiaries, a joint venture and associates are shown on pages 126 to 138 of this annual report.

RESULTS

The results of the Group for the year ended 31 December 2013 are set out in the consolidated statement of profit or loss on page 58 of this annual report.

PROPOSED FINAL DIVIDEND

During the year ended 31 December 2013, an interim dividend of RMB0.10 per share was paid to shareholders of the Company.

The Board has recommended the payment of a final dividend of RMB0.11 per share for the year ended 31 December 2013, subject to the approval of the shareholders of the Company at the forthcoming annual general meeting of the Company (the "AGM"). Upon approval of the shareholders at the AGM, the proposed final dividend will be paid to the shareholders of the Company whose names appear on the register of members of the Company at close of business on 10 June 2014.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during the year are set out in note 15 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital during the year are set out in note 38 to the financial statements.

RESERVES

As at 31 December 2013, the Company has reserves of RMB3,894,560,000 in total available for distribution (2012: RMB4,299,018,000), of which RMB220,675,000 has been proposed as final dividend for the year. By passing an ordinary resolution of the Company, dividends may be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law of the Cayman Islands.

Details of the movements in reserves of the Company and the Group during the year are set out in note 39 to the financial statements and in the consolidated statement of changes in equity, respectively.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to RMB11,288,000 (2012: RMB700,000).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association and the laws of the Cayman Islands do not impose any limitations on such rights.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY SECURITIES

During the year ended 31 December 2013, the Company repurchased a total of 14,000,000 ordinary shares of the Company on the Stock Exchange. The above repurchases were effected by the Directors pursuant to the mandate from shareholders, with a view to benefiting shareholders as a whole in enhancing the net assets and earnings per share of the Company. All the repurchased shares were cancelled. Details of the repurchase are summarized as follows:

Month of repurchase	Total number of shares repurchased	Highest price paid per share *(HK$)*	Lowest price paid per share *(HK$)*	Aggregation consideration paid *(HK$)*
June 2013	12,000,000	7.40	6.94	86,362,925
July 2013	2,000,000	7.30	7.16	14,497,050
Total	14,000,000	7.40	6.94	100,859,975

Save as disclosed above, neither the Company nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2013.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors at the latest practicable date prior to this annual report, the Company has maintained the prescribed public float under the Listing Rules throughout the year ended 31 December 2013 and at any time up to date of this annual report.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 5 of this annual report.

DIRECTORS

The Directors of the Company during the year and up to the date of this report are as follows:

Executive Directors:

Mr. Shen Guojun *(Chairman)*
Mr. Chen Xiaodong

Non-executive Directors:

Mr. Xin Xiangdong
Mr. Lee Ka Kit, JP (resigned on 31 May 2013)
Mr. Liu Dong
Mr. Wong Luen Cheung Andrew (appointed on 31 May 2013)

Independent Non-executive Directors:

Mr. Shi Chungui
Mr. Yu Ning
Mr. Chow Joseph

In accordance with the Article 130 of Company's Articles of Association, Mr. Chen Xiaodong, Mr. Liu Dong and Mr. Yu Ning shall retire from office by rotation and being eligible, offer themselves for re-election at the AGM.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the AGM has an unexpired service contract with the Group which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

Report of the Directors

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographies of Directors and senior management of the Group are set out on pages 19 to 24 of this annual report.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent.

DIRECTORS' INTERESTS IN CONTRACT OF SIGNIFICANCE

Save as disclosed in the paragraph headed "Connected Transactions and Continuing Connected Transactions" below and in note 46 to the financial statements, no contracts of significance in relation to the Company's business to which the Company or its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year under review or at any time during the year.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

Save as disclosed in the paragraph headed "Connected Transactions and Continuing Connected Transactions" below and in note 46 to the financial statements, no contract of significance in relation to the Company's business entered into between the Company or any of its subsidiaries and the controlling shareholders subsisted during the year ended 31 December 2013.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2013, save as disclosed below, none of the Directors or their respective associates had any business or interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group:

China Yintai holds 50% equity interest in Beijing Intime Lotte Department Store Co., Ltd. ("Intime Lotte"). China Yintai is owned as to 75% by Beijing Guojun Investment Co., Ltd. ("Beijing Guojun"), and Beijing Guojun in turn is wholly beneficially owned by Mr. Shen Guojun, an executive Director and the Chairman of the Company. Details of this transaction have been set out in the announcement and the circular of the Company dated 3 July 2009 and 24 July 2009 respectively. Such interests in Intime Lotte, China Yintai and Beijing Guojun held by Mr. Shen Guojun were in compliance with a non-competition deed with Mr. Shen Guojun, Fortune Achieve Group Ltd., Glory Bless Limited and Intime International Holdings Limited, the details of which are set out in the section headed "Compliance with the Non-competition Deed" below.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Connected Transactions disclosed in accordance with the Listing Rules are as follows:

Disposal of Equity Interests in Wenling Taiyue, Wenling Intime Hotel and Wenling Intime Properties and Acquisition of Equity Interests in Wenling Intime Shopping Mall Development

On 9 January 2013, the Company, Xintai Investment Co. Ltd. ("Xintai Investment") and the guarantors of Xintai Investment entered into:

(A) an equity transfer agreement, pursuant to which, among other things, the Company has agreed to sell and Xintai Investment has agreed to purchase 70% equity interests in Wenling Taiyue Real Estate Development Limited ("Wenling Taiyue") for a total cash consideration of RMB189,000,000. Upon completion of the said transfer, Wenling Taiyue will cease to be a subsidiary of the Company. In addition, Wenling Taiyue will repay the shareholder's loan of RMB60,571,705 as of 30 November 2012 owing to the Company;

(B) an equity transfer agreement, pursuant to which, among other things, the Company has agreed to sell and Xintai Investment has agreed to purchase 70% equity interests in Wenling Intime Hotel Development Limited ("Wenling Intime Hotel") for a total cash consideration of RMB116,788,500. Upon completion of the said transfer, Wenling Intime Hotel will cease to be a subsidiary of the Company. In addition, Wenling Intime Hotel will repay the shareholder's loan of RMB5,358,224 as of 30 November 2012 owing to the Company; and

(C) an equity transfer agreement, pursuant to which, among other things, the Company has agreed to sell and Xintai Investment has agreed to purchase 70% equity interests in Wenling Intime Properties Limited ("Wenling Intime Properties") for a total cash consideration of RMB99,786,400. Upon completion of the said transfer, Wenling Intime Properties will cease to be a subsidiary of the Company. In addition, Wenling Intime Properties will repay the shareholder's loan of RMB33,924,347 as of 30 November 2012 owing to the Company.

On 9 January 2013, the Company, Taizhou Ouxin Investment Limited ("Taizhou Ouxin") and the guarantors of Taizhou Ouxin entered into:

(D) an equity transfer agreement, pursuant to which, among other things, Taizhou Ouxin has agreed to sell and the Company has agreed to purchase 30% equity interests in Wenling Intime Shopping Mall Development Co., Ltd. ("Wenling Intime Shopping Mall Development") for a total cash consideration of RMB90,000,000. Upon completion of the said transfer, Wenling Intime Shopping Mall Development will become a wholly-owned subsidiary of the Company. In addition, Wenling Intime Shopping Mall Development will repay the shareholder's loan of RMB70,792,000 as of 30 November 2012 owing to Taizhou Ouxin.

As Taizhou Ouxin is a substantial shareholder of each of Wenling Taiyue, Wenling Intime Hotel, Wenling Intime Properties and Wenling Intime Shopping Mall Development, and therefore Taizhou Ouxin is a connected person of the Company pursuant to the Listing Rules. Accordingly, the transactions under the Agreements constitute connected transactions of the Company and are subject to the reporting, announcement and independent shareholders approval requirements under Chapter 14A of the Listing Rules.

The above transactions were approved by the Company's independent shareholders at the extraordinary general meeting held on 3 May 2013.

Disposal of Equity Interests in Jiaxing Intime Xintiandi

On 1 November 2013, Jiaxing Intime Investment and Management Company Limited ("Jiaxing Intime") and Intime Department Store Company Limited ("Shanghai Intime"), both are indirect wholly-owned subsidiaries of the Company, entered into the Equity Transfer Agreement with Jiaxing Construction Investment Company Limited ("Jiaxing Construction), pursuant to which, among other things, Jiaxing Intime and Shanghai Intime agreed to sell and Jiaxing Construction agreed to purchase 60% of the equity interest in Jiaxing Intime Meiwan Xintiandi Investment and Management Company Limited ("Jiaxing Intime Xintiandi") in aggregate for a total consideration of RMB362,488,800. Upon the completion of the equity transfer agreement in February 2014, Jiaxing Intime Xintiandi ceased to be an indirect non-wholly owned subsidiary of the Company.

Immediately prior to the entering of the above equity transfer agreement, Jiaxing Intime Xintiandi is owned as to 40% by Jiaxing Construction, 30% by Jiaxing Intime and 30% by Shanghai Intime. As a substantial shareholder of Jiaxing Intime Xintiandi, Jiaxing Construction is a connected person of the Company. Accordingly, the transaction under the equity transfer agreement was treated as a connected transaction under Chapter 14A of the Listing Rules.

Continuing connected transactions disclosed in accordance with the Listing Rules are as follows:

Co-development Agreement Relating to the Chengxi Project

On 31 May 2011, Zhejiang Intime Department Store Co., Ltd. ("Zhejiang Intime"), a wholly-owned subsidiary of the Company, entered into a co-development agreement ("Co-development Agreement") with Zhejiang Fuqiang Properties Co., Ltd ("Zhejiang Fuqiang") and Hangzhou Intime Shopping Centre Co., Ltd. ("Hangzhou Intime"), pursuant to which Zhejiang Intime agreed to make available to Zhejiang Fuqiang and Hangzhou Intime an amount not exceeding RMB300 million for the construction and development of the department store property of the Chengxi Project. Zhejiang Fuqiang and Hangzhou Intime will pay a fee of 15% per annum to Zhejiang Intime in consideration of the fund provided by Zhejiang Intime. Zhejiang Intime is entitled to a preemptive right to purchase and a priority to lease certain units of the department store property of the Chengxi Project.

On 15 July 2013, Zhejiang Intime entered into a supplemental agreement ("Chengxi Supplemental Agreement") with Zhejiang Fuqiang and Hangzhou Intime to supplement and amend the Co-Development Agreement. Pursuant to the Chengxi Supplemental Agreement, the exercisable period of the Preemptive Right of Zhejiang Intime shall be extended to no later than 30 June 2017.

Mr. Shen Guojun owns the entire equity interest of Beijing Guojun, which owns 75% equity interest in China Yintai. China Yintai owns 70% and 72% equity interest in Zhejiang Fuqiang and Hangzhou Intime respectively. As Mr. Shen Guojun is an executive Director and Chairman of the Company, pursuant to the Listing Rules, Zhejiang Fuqiang and Hangzhou Intime are connected persons of the Company. Accordingly, the transaction under the Co-Development Agreement constituted financial assistance and continuing connected transaction of the Company under Chapter 14A of the Listing Rules. As at 31 December 2013, the outstanding principal amount provided by Zhejiang Intime pursuant to the Co-Development Agreement plus the amount of capital utilization fee accrued under the Co-Development Agreement amounted to RMB150,687,500.

Leases of Commercial Premises for Department Store Development Use from Zhejiang Fuqiang and Hangzhou Intime

Pursuant to the Chengxi Supplemental Agreement, on 15 July 2013, Hangzhou Intime Sanjiang Commercial Development Co., Ltd ("Intime Sanjiang"), an indirect wholly-owned subsidiary of the Company, entered into a lease with Zhejiang Fuqiang and Hangzhou Intime ("Chengxi Lease"). Pursuant to the Chengxi Lease, Intime Sanjiang has leased the level 1 basement and the first, second, third and fourth floors of Chengxi Intime City, which is located at the intersection between Fengtan Road and Pingshui Road, Gongshu District, Hangzhou City (the "Property") with a total floor area of 24,416 sq.m. for a term of 20 years from 16 July 2013 for establishment of a department store. Under the terms of the Chengxi Lease, Intime Sanjiang has been given a rent-free period of two years commencing from the delivery of the Property to Intime Sanjiang. Accordingly, no rent is payable by Intime Sanjiang for the two years ending 31 December 2014.

Lease of Commercial Premise for Department Store Development Use from Huzhou Jialefu

On 25 February 2013, Zhejiang Intime Investment, a wholly owned subsidiary of the Company, entered into a lease with Huzhou Jialefu Mall Co. Ltd ("Huzhou Jialefu") pursuant to which Zhejiang Intime Investment leased the basement level to the fifth floor above ground of the Huzhou Jialefu Shopping Mall for a term of 20 years from the date of delivery of property to Zhejiang Intime Investment for establishment of a department store. Mr. Shen Guojun controls, through Beijing Guojun, 50% of the voting rights of Huzhou Jialefu. As Mr. Shen Guojun is an executive Director and Chairman of the Company, pursuant to the Listing Rules, Huzhou Jialefu is a connected person of the Company. Accordingly the transaction under the lease constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. Under the terms of the lease, Zhejiang Intime Investment was given a rent free period of three months commencing from the delivery of property to Zhejiang Intime Investment. Accordingly, no rent was paid by Zhejiang Intime Investment until 28 September 2013, after which the fixed rental is an annual rate of RMB30,000,000 with an escalation at a rate of 2% per annum from the sixth year from the date of delivery of property to Zhejiang Intime Investment. There is also a commission based rental which comprises of 5% of net annual sales revenue of Huzhou Aishan Store for those areas which will not be sub-let, and 5% of 50% of the net annual operating revenue of Huzhou Aishan Store for areas that are further sub-let. For the year ended December 31, 2013, the total rental paid by Zhejiang Intime Investment was RMB7,890,000.

Lease of Commercial Premises for Department Store Development Use from Fenghua Yintai Properties Co., Ltd. ("Fenghua Yintai")

On 21 September 2012, Zhejiang Intime Investment Co. Ltd. ("Zhejiang Intime Investment") entered into a lease with Fenghua Yintai ("Fenghua Intime City Lease") pursuant to which the Zhejiang Intime Investment has leased the 1/F to 5/F, Ningbo Fenghua Intime City (the "Property") from Fenghua Yintai for a term of 20 years from 22 September 2012 for establishment of a department store. Zhejiang Intime Investment is an indirect wholly-owned subsidiary of the Company. Mr. Shen Guojun controls, through various entities, 49% of the voting rights of Fenghua Yintai. As Mr. Shen Guojun is an executive Director and Chairman of the Company, pursuant to the Listing Rules, Fenghua Yintai is a connected person of the Company. Accordingly, the transaction under the Fenghua Intime City Lease constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. Under the terms of the Fenghua Intime City Lease, Zhejiang Intime Investment has been given a rent-free period of three years commencing from the delivery of the Property to Zhejiang Intime Investment. Accordingly, no rent is payable by Zhejiang Intime Investment for the three financial years ending 31 December 2014. For the year ended 31 December 2013, there is no annual cap in the announcement of the Company dated 24 September 2012.

Views of the independent non-executive Directors and the Auditors

The independent non-executive Directors of the Company have reviewed the above transactions and confirmed that the transactions have been entered into in the ordinary and usual course of business of the Company, are on normal commercial terms and in accordance with the relevant agreement and are fair and reasonable and in the interest of the shareholders of the Company as a whole.

Based on the work performed, the auditors of the Company have provided a letter and confirmed that the aforesaid continuing connected transactions (1) have been approved by the board of directors of the Company; (2) are in accordance with the pricing policies of the Group; (3) have been entered into in accordance with the terms of the relevant agreements governing the transaction; and (4) have not exceeded any of the annual caps as mentioned in the announcements of the Company dated 31 May 2011, 25 February 2013 and 15 July 2013 (there is no annual cap in the announcement of the Company dated 24 September 2012).

Related Party Transactions

Details of the related party transactions undertaken in the normal course of business are provided under note 46 to the financial statements. None of these related party transactions constitutes a discloseable connected transaction as defined under the Listing Rules, except for those described in the section of "Connected Transactions and Continuing Connected Transactions", in respect of which the disclosure requirements in accordance with Chapter 14A of the Listing Rules have been complied with.

Report of the Directors

RETIREMENT SCHEMES

Employees of the Group's subsidiaries in Mainland China are required to participate in defined contribution retirement schemes administered and operated by the local municipal government. Particulars of these retirement plans are set out in note 6 to the financial statements.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Share Option Scheme" below, at no time during the year was the Company and any of its subsidiaries a party to any arrangement to enable the Directors or chief executive or any of their spouse or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

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

As at 31 December 2013, 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[1]	Approximate percentage of interest in such corporation
Mr. Shen Guojun	Interest of controlled corporations[2]	L721,014,015	35.94%
Mr. Chen Xiaodong	Beneficial owner[3]	L14,150,000	0.71%

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 716,814,015 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 4,200,000 shares of the Company.

(3) Mr. Chen Xiaodong, an executive director and the Chief Executive Officer of the Company, is the beneficial owner of 750,000 shares of the Company. He also holds options in respect of a total of 13,400,000 shares of the Company as at 31 December 2013.

Save as disclosed above, as at 31 December 2013, 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 31 December 2013, 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% of more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group were as follows:

Name of shareholders	Nature of Interest	Number and Class of Securities [1]	Approximate percentage of interest in such corporation
Fortune Achieve Group Ltd.	Interest of controlled corporation[2]	L716,814,015	35.73%
Glory Bless Limited	Interest of controlled corporation[2]	L716,814,015	35.73%
Intime International Holdings Limited	Beneficial Owner[2]	L716,814,015	35.73%
JPMorgan Chase & Co.	Beneficial owner, investment manager and custodian corporation/ approved lending agent	L217,804,019 S1,955,649 P91,694,232	10.86% 0.10% 4.57%
GIC Private Limited	Investment Manager	L189,871,789	9.46%
Wellington Management Company, LLP	Investment Manager	L160,730,270	8.01%
Comax Investment Limited	Beneficial Owner[3]	L147,664,835	7.36%
Henderson Development Limited	Interest of controlled corporation[3]	L147,664,835	7.36%
Henderson Land Development Company Limited	Interest of controlled corporation[3]	L147,664,835	7.36%
Hopkins (Cayman) Limited	Interest of controlled corporation[3]	L147,664,835	7.36%
Lee Shau Kee	Interest of controlled corporation[3]	L147,664,835	7.36%
Riddick (Cayman) Limited	Trustee[4]	L147,664,835	7.36%
Rimmer (Cayman) Limited	Trustee[4]	L147,664,835	7.36%

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 716,814,015 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) 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 65.19% 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.

(4) 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 31 December 2013, 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.

Report of the Directors

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 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.

The movements in share options granted under the share option scheme adopted by the Company for the year ended 31 December 2013 are shown below:

Name or category of participant	Date of Grant	Exercise Price per share HK$	Number of share options As at 1 January 2013	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	As at 31 December 2013	Exercise Period	Closing price immediately before the date of grant HK$	Weighted Average closing price immediately before the date of exercise HK$
Director & Chief Executive Officer											
Chen Xiaodong	11/4/2008	5.64	600,000	–	300,000	–	–	300,000	12/4/2009-11/4/2014	5.60	10.98
	18/9/2008	3.56	600,000	–	300,000	–	–	300,000	19/9/2009-18/9/2014	3.20	8.22
	4/3/2009	1.88	1,200,000	–	750,000	–	–	450,000	5/3/2010-4/3/2015	1.83	9.30
	28/8/2009	6.63	6,750,000	–	2,250,000	–	–	4,500,000	29/8/2010-28/8/2015	5.15	9.13
	26/5/2010	6.49	3,000,000	–	750,000	–	–	2,250,000	27/5/2011-26/5/2016	6.24	9.12
	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	–
	10/4/2013	9.27	–	1,800,000	–	–	–	1,800,000	11/4/2014-10/4/2019	9.05	–
Other employees in aggregate	11/4/2008	5.64	2,860,000	–	1,944,500	–	–	915,500	12/4/2009-11/4/2014	5.60	10.22
	18/9/2008	3.56	2,227,000	–	1,327,500	–	–	899,500	19/9/2009-18/9/2014	3.20	9.62
	4/3/2009	1.88	5,879,000	–	3,084,500	–	–	2,794,500	5/3/2010-4/3/2015	1.83	10.04
	20/10/2009	5.50	750,000	–	250,000	–	–	500,000	21/10/2010-20/10/2015	5.35	10.90
	26/5/2010	6.49	12,402,000	–	5,040,500	–	137,500	7,224,000	27/5/2011-26/5/2016	6.24	9.57
	26/8/2010	9.00	1,600,000	–	400,000	–	–	1,200,000	27/8/2011-26/8/2016	8.93	9.79
	1/4/2011	10.77	13,622,000	–	10,000	–	399,000	13,213,000	2/4/2012-1/4/2017	10.56	10.98
	22/6/2012	7.56	17,018,000	–	677,000	–	501,000	15,840,000	23/6/2013-22/6/2018	7.35	9.05
	10/4/2013	9.27	–	5,898,000	–	–	244,000	5,654,000	11/4/2014-10/4/2019	9.05	–
Total			72,308,000	7,698,000	17,084,000	–	1,281,500	61,640,500			

Report of the Directors

BANK AND OTHER BORROWINGS

Bank and other borrowings of the Group as at 31 December 2013 amounted to RMB4,754 million (31 December 2012: RMB2,163 million). Particulars of the borrowings are set out in note 35 to the financial statements.

GUARANTEED BONDS

Details of the guaranteed bonds of the Company are set out in note 37 to the financial statements.

COMPLIANCE WITH THE NON-COMPETITION DEED

Each of Mr. Shen Guojun, Fortune Achieve Group Ltd., Glory Bless Limited and Intime International Holdings Limited (together, the "Covenantors") has confirmed to the Company of his/its compliance with the Non-competition Deed (as defined in the prospectus of the Company dated 7 March 2007). The independent non-executive Directors have reviewed the status of compliance and confirmed, based on the confirmations given by the Covenantors that all the undertakings under the Non-competition Deed have been complied with by the Covenantors.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2013, the aggregate amount of purchases attributable to the Group's five largest suppliers represented less than 30% of the Group's total value of purchases, and the aggregate amount of sales attributable to the Group's five largest customers represented less than 30% of the Group's total value of revenue.

CORPORATE GOVERNANCE REPORT

Details of the Company's corporate governance practices are set out in the "Corporate Governance Report" of this annual report.

EVENTS AFTER THE REPORTING PERIOD

Details of the events after the reporting period of the Group are set out in note 50 to the financial statements.

AUDITORS

Ernst & Young, the Company's auditors, will retire at the AGM of the Company, and being eligible, offer themselves for re-appointment. A resolution will be proposed at the AGM to re-appoint Ernst & Young as auditors of the Company.

On behalf of the Board
Shen Guojun
Chairman

25 March 2014

Independent Auditors' Report

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

安永會計師事務所
香港中環添美道 1 號
中信大廈 22 樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
www.ey.com

To the shareholders of Intime Retail (Group) Company Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Intime Retail (Group) Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 58 to 188, which comprise the consolidated and company statements of financial position as at 31 December 2013, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong

25 March 2014

Consolidated Statement of Profit or Loss

Year ended 31 December 2013

	Notes	2013 *RMB'000*	2012 *RMB'000*
Revenue	5	**4,510,219**	3,907,230
Other income and gains	5	**720,290**	557,177
Purchases of goods and changes in inventories	6	**(1,553,885)**	(1,236,879)
Staff costs	6	**(629,774)**	(507,175)
Depreciation and amortisation	6	**(452,697)**	(382,158)
Other expenses		**(1,304,336)**	(1,284,572)
Share of profits and losses of:			
Joint ventures		**(48,737)**	(3,612)
Associates		**275,438**	245,417
Finance income	7	**239,015**	202,477
Finance costs	7	**(184,060)**	(177,378)
Profit before tax		**1,571,473**	1,320,527
Income tax expense	8	**(435,107)**	(300,075)
Profit for the year		**1,136,366**	1,020,452
Attributable to:			
Owners of the parent	11	**1,065,181**	972,548
Non-controlling interests		**71,185**	47,904
		1,136,366	1,020,452
Earnings per share attributable to ordinary equity holders of the parent (expressed in RMB per share)	13		
Basic			
– For profit for the year		**0.53**	0.49
Diluted			
– For profit for the year		**0.53**	0.48

Details of the dividends payable and proposed for the year are disclosed in note 12 to the financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
Profit for the year		**1,136,366**	1,020,452
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		**–**	–
Available-for-sale investments:			
Change in fair value		**–**	(1,365)
Reclassification adjustments for gains included in the consolidated statement of profit or loss – impairment losses	5	**–**	1,365
Income tax effect		**–**	–
		–	–
Share of other comprehensive loss of associates		**–**	(3,062)
Exchange differences on translation of foreign operations		**19,691**	18,900
Other comprehensive income for the year, net of tax		**19,691**	15,838
Total comprehensive income for the year		**1,156,057**	1,036,290
Attributable to:			
Owners of the parent	11	**1,084,872**	988,386
Non-controlling interests		**71,185**	47,904
		1,156,057	1,036,290

Consolidated Statement of Financial Position

31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	5,747,773	4,276,023
Investment properties	16	2,367,439	2,545,476
Prepaid land lease payments	17	2,057,696	2,177,497
Properties under development	18	–	239,729
Prepayments, deposits and other receivables	28	330,084	–
Goodwill	19	650,781	650,781
Other intangible assets	20	30,049	32,213
Prepaid rental	21	64,435	60,494
Investment in a joint venture	23	230,401	281,463
Interests in associates	24	2,378,314	2,351,490
Loans and receivables – third parties	29	35,654	100,000
Loans and receivables – related parties	29	696,648	314,110
Available-for-sale investments	25	–	24,466
Held-to-maturity investments		12,000	–
Deferred tax assets	26	190,237	163,625
Total non-current assets		14,791,511	13,217,367
CURRENT ASSETS			
Inventories	27	484,193	361,277
Properties under development	18	905,067	478,229
Prepayments, deposits and other receivables	28	1,115,029	823,981
Loans and receivables – third parties	29	100,290	237,736
Loans and receivables – related parties	29	294,625	579,644
Due from related parties	46(c)	1,294,440	898,593
Trade receivables	30	44,628	51,840
Cash in transit	31	131,336	407,455
Pledged deposits	32	67,000	175,500
Restricted bank balances	32	195,915	28,538
Cash and cash equivalents	32	1,738,513	2,117,380
		6,371,036	6,160,173
Assets of disposal group classified as held for sale	14	1,393,739	1,916,459
Total current assets		7,764,775	8,076,632
CURRENT LIABILITIES			
Trade and bills payables	33	1,782,148	2,376,210
Other payables and accruals	34	4,717,171	3,525,951
Guaranteed bonds due July 2014	37	998,374	–
Interest-bearing bank and other borrowings	35	1,709,200	1,150,551
Due to related parties	46(e)	14,183	599,830
Tax payable		401,660	262,379
Convertible bonds	36	–	1,645,123
		9,622,736	9,560,044
Liabilities directly associated with the assets classified as held for sale	14	144,688	1,088,104
Total current liabilities		9,767,424	10,648,148
NET CURRENT LIABILITIES		(2,002,649)	(2,571,516)
TOTAL ASSETS LESS CURRENT LIABILITIES		12,788,862	10,645,851

Consolidated Statement of Financial Position

31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
NON-CURRENT LIABILITIES			
Other payables and accruals	34	**288,786**	–
Guaranteed bonds due July 2014	37	**–**	996,764
Interest-bearing bank and other borrowings	35	**3,044,942**	1,012,000
Deferred tax liabilities	26	**402,560**	409,839
Deferred subsidy income		**49,341**	52,141
Total non-current liabilities		**3,785,629**	2,470,744
NET ASSETS		**9,003,233**	8,175,107
EQUITY			
Equity attributable to owners of the parent			
Issued capital	38	**154**	154
Equity component of convertible bonds	36	**–**	23,607
Reserves	39	**7,759,433**	7,058,033
Proposed final dividend	12	**220,675**	180,274
		7,980,262	7,262,068
Non-controlling interests		**1,022,971**	913,039
Total equity		**9,003,233**	8,175,107

Shen Guojun
Chairman

Chen Xiaodong
Executive Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2013

	Notes	Issued capital RMB'000 (note 38)	Share premium RMB'000 (note 38)	Capital redemption reserve RMB'000	Capital reserve RMB'000	Reserve for fair value changes of available-for-sale investments RMB'000	Discretionary reserve fund RMB'000 (note 39)	Statutory reserves RMB'000 (note 39)	Retained profits RMB'000	Exchange fluctuation reserve RMB'000	Equity component of convertible bonds RMB'000 (note 36)	Share option reserve RMB'000 (note 40)	Proposed final dividend RMB'000 (note 12)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		Attributable to owners of the parent														
At 1 January 2012		153	4,243,253	4	368,661	425	–	299,073	1,482,645	(61,075)	23,607	55,700	139,542	6,551,988	716,688	7,268,676
Profit for the year		–	–	–	–	–	–	–	972,548	–	–	–	–	972,548	47,904	1,020,452
Other comprehensive income for the year:																
Change in fair value of available-for-sale investments, net of tax		–	–	–	–	999	–	–	–	–	–	–	–	999	–	999
Impairment losses of available-for-sale investments, net of tax		–	–	–	–	(1,365)	–	–	–	–	–	–	–	(1,365)	–	(1,365)
Acquisition of non-controlling interests		–	–	–	(2,696)	–	–	–	–	–	–	–	–	(2,696)	–	(2,696)
Exchange differences on translation of foreign operations		–	–	–	–	–	–	–	–	18,900	–	–	–	18,900	–	18,900
Total comprehensive income for the year		–	–	–	(2,696)	(366)	–	–	972,548	18,900	–	–	–	988,386	47,904	1,036,290
Acquisition of subsidiaries	41	–	–	–	–	–	–	–	–	–	–	–	–	–	26,003	26,003
Transfer of share option reserve upon the forfeiture or expiry of share options		–	–	–	–	–	–	–	6,550	–	–	(6,550)	–	–	–	–
Equity-settled share option arrangements	40	–	–	–	–	–	–	–	–	–	–	28,366	–	28,366	–	28,366
Exercise of share options	40	1	48,769	–	–	–	–	–	–	–	–	(12,145)	–	36,625	–	36,625
Final 2011 dividend declared	12	–	–	–	–	–	–	–	–	–	–	–	(139,542)	(139,542)	–	(139,542)
Dividend on shares issued for employee share options exercised after 31 December 2011		–	–	–	–	–	–	–	(405)	–	–	–	–	(405)	–	(405)
Interim 2012 dividend	12	–	–	–	–	–	–	–	(199,749)	–	–	–	–	(199,749)	–	(199,749)
Proposed final 2012 dividend	12	–	–	–	–	–	–	–	(180,274)	–	–	–	180,274	–	–	–
Contribution by a non-controlling shareholder		–	–	–	–	–	–	–	–	–	–	–	–	–	136,766	136,766
Transfer from retained profits		–	–	–	–	–	3,284	96,467	(99,751)	–	–	–	–	–	–	–
Dividend distribution to non-controlling interests of a subsidiary		–	–	–	–	–	–	–	–	–	–	–	–	–	(17,923)	(17,923)
Distribution to non-controlling interests of a subsidiary		–	–	–	(3,601)	–	–	–	–	–	–	–	–	(3,601)	3,601	–
At 31 December 2012		154	4,292,022	4	362,364	59	3,284	395,540	1,981,564	(42,175)	23,607	65,371	180,274	7,262,068	913,039	8,175,107

Consolidated Statement of Changes in Equity

Year ended 31 December 2013

	Notes	Attributable to owners of the parent														
		Issued capital RMB'000 (note 38)	Share premium RMB'000 (note 38)	Capital redemption reserve RMB'000	Capital reserve RMB'000	Reserve for fair value changes of available-for-sale investments RMB'000	Discretionary reserve fund RMB'000 (note 39)	Statutory reserves RMB'000 (note 39)	Retained profits RMB'000	Exchange fluctuation reserve RMB'000	Equity component of convertible bonds RMB'000 (note 36)	Share option reserve RMB'000 (note 40)	Proposed final dividend RMB'000 (note 12)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2013		154	4,292,022	4	362,364	59	3,284	395,540	1,981,564	(42,175)	23,607	65,371	180,274	7,262,068	913,039	8,175,107
Profit for the year		-	-	-	-	-	-	-	1,065,181	-	-	-	-	1,065,181	71,185	1,136,366
Other comprehensive income for the year:																
Exchange differences on translation of foreign operations		-	-	-	-	-	-	-	-	19,691	-	-	-	19,691	-	19,691
Total comprehensive income for the year		-	-	-	-	-	-	-	1,065,181	19,691	-	-	-	1,084,872	71,185	1,156,057
Transfer of share option reserve upon the forfeiture or expiry of share options		-	-	-	-	-	-	-	1,336	-	-	(1,336)	-	-	-	-
Equity-settled share option arrangements	40	-	-	-	-	-	-	-	-	-	-	25,784	-	25,784	-	25,784
Exercise of share options	40	1	92,736	-	-	-	-	-	-	-	-	(21,910)	-	70,827	-	70,827
Final 2012 dividend declared	12	-	-	-	-	-	-	-	-	-	-	-	(180,274)	(180,274)	-	(180,274)
Repurchase of shares	38	(1)	(80,298)	1	-	-	-	-	-	-	-	-	-	(80,298)	-	(80,298)
Dividend on shares issued for employee share options exercised after 31 December 2012		-	-	-	-	-	-	-	(2,456)	-	-	-	-	(2,456)	-	(2,456)
Interim 2013 dividend	12	-	(200,261)	-	-	-	-	-	-	-	-	-	-	(200,261)	-	(200,261)
Proposed final 2013 dividend	12	-	(220,675)	-	-	-	-	-	-	-	-	-	220,675	-	-	-
Contribution by non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	-	-	-	74,507	74,507
Transfer from retained profits		-	-	-	-	-	3,748	109,102	(112,850)	-	-	-	-	-	-	-
Convertible bonds redeemed		-	-	-	23,607	-	-	-	-	-	(23,607)	-	-	-	-	-
Dividend distribution to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	(35,760)	(35,760)
At 31 December 2013		154	3,883,524*	5*	385,971*	59*	7,032*	504,642*	2,932,775*	(22,484)*	-	67,909*	220,675	7,980,262	1,022,971	9,003,233

* These reserve accounts comprise the consolidated reserves of RMB7,759,433,000 (2012: RMB7,058,033,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2013

	Notes	2013 *RMB'000*	2012 *RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**1,571,473**	1,320,527
Adjustments for:			
Finance costs	7	**184,060**	177,378
Share of losses of a joint venture		**48,737**	3,612
Share of profits and losses of associates		**(275,438)**	(245,417)
Finance income	7	**(239,015)**	(202,477)
Loss/(gain) on disposal of items of property, plant and equipment		**665**	(14,209)
Gain on disposal of subsidiaries		**(341,379)**	(38,972)
Gain on disposal of shares of an associate		**–**	(126,938)
Gain on bargain purchase		**–**	(39,956)
Impairment of available-for-sale investments		**–**	1,365
(Gain)/loss on disposal of available-for-sale investments		**(672)**	782
Gain on disposal of held for trading securities		**(11,752)**	–
Gain on early redemption of convertible bonds		**(111)**	–
Equity-settled share option expense	40	**25,784**	28,366
Depreciation of property, plant and equipment		**316,282**	276,633
Depreciation of investment properties	16	**77,149**	57,885
Amortisation of prepaid land lease payments	15, 17	**51,168**	44,255
Amortisation of other intangible assets	20	**4,432**	3,385
Amortisation of prepaid rental	21	**102,534**	28,114
		1,513,917	1,274,333
(Increase)/decrease in restricted cash		**(432,553)**	58,283
Decrease/(increase) in pledged deposits		**108,500**	(175,500)
Increase in prepayments, deposits and other receivables		**(52,757)**	(189,881)
Decrease/(increase) in trade receivables		**5,111**	(8,189)
Decrease/(increase) in cash in transit		**276,119**	(275,141)
Increase in inventories		**(122,916)**	(33,090)
(Decrease)/increase in trade and bills payables		**(594,062)**	697,777
Increase in advances from customers		**1,222,791**	550,787
Increase in amounts due from related parties		**(198,656)**	(24,208)
Increase/(decrease) in amounts due to related parties		**2,353**	(5,580)
Increase in properties under development		**(252,277)**	(468,727)
(Decrease)/increase in other payables and accruals		**(66,854)**	64,181
Cash generated from operations		**1,408,716**	1,465,045
Interest paid		**(242,215)**	(247,203)
Income tax paid		**(335,536)**	(376,015)
Net cash flows from operating activities		**830,965**	841,827

Consolidated Statement of Cash Flows

Year ended 31 December 2013

	Notes	2013 *RMB'000*	2012 *RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		170,005	197,799
Purchases of items of property, plant and equipment and investment properties		(2,496,049)	(784,800)
Purchases of other intangible assets	20	(2,376)	(3,580)
Acquisition of subsidiaries, net of cash acquired		–	(280,139)
Payment of consideration for purchasing of equity interests		–	(33,703)
Capital injection to associates	24	(29,000)	–
Establishment of an associate	24	–	(14,500)
Acquisition of prepaid land lease payments	17	(3,033)	(321,661)
Prepayment of prepaid land lease payments		(55,600)	–
Disposal of subsidiaries	41	116,595	(26,473)
Prepayment of acquisition of a subsidiary		(153,160)	–
Purchases of held-to-maturity investments		(12,000)	–
Proceeds from disposal of available-for-sale investments		25,138	15,111
Proceeds from disposal of held for trading securities		11,752	–
Advance from disposal of subsidiaries		200,492	102,000
Loans to related parties		(130,000)	(262,390)
Proceeds from disposal of items of property, plant and equipment		571	18,161
Proceeds from sale of intangible assets		108	–
Proceeds from disposal of shares of an associate, net off tax		–	196,298
Advances to third parties		(230,632)	(155,974)
Repayment of advances from third parties		60,654	21,002
Loans and receivables made to third parties		(35,654)	(486,198)
Advances to related parties		(173,112)	(218,498)
Repayment of loans and receivables from third parties		237,000	498,529
Repayment of loans and receivables from related parties		50,000	306,700
Repayment of advances from related parties		27,477	51,620
Dividend received from an associate		150,000	300,000
Advances received from third parties		125,980	257,705
Receipt of government grants		60,750	50,000
Repayment from advance to subsidiaries disposed of		155,117	–
Repayment from non-controlling shareholders		80,173	–
Net cash flows used in investing activities		(1,848,804)	(572,991)

Consolidated Statement of Cash Flows

Year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of share options		**70,827**	36,625
Capital contribution from non-controlling shareholders		**74,507**	13,000
Proceeds from interest-bearing bank and other borrowings		**5,036,572**	2,329,496
Repayments of interest-bearing bank and other borrowings		**(2,444,981)**	(1,832,534)
Dividends paid		**(382,991)**	(339,696)
Dividends paid to non-controlling shareholders		**(35,760)**	(17,923)
Repurchase of shares		**(80,298)**	–
Redemption of convertible bonds	36	**(1,657,325)**	–
Net cash flows from financing activities		**580,551**	188,968
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(437,288)**	457,804
Cash and cash equivalents at beginning of year		**2,243,986**	1,783,839
Effect of foreign exchange rate changes, net		**7,742**	2,343
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,814,440**	2,243,986
Analysis of balances of cash and cash equivalents			
Cash and bank balances		**1,738,513**	2,093,522
Non-pledged time deposits with original maturity of less than three months when acquired	32	**–**	23,858
Cash and cash equivalents as stated in the statement of financial position	32	**1,738,513**	2,117,380
Cash and short term deposits attributable to the disposal group held for sale	14	**75,927**	126,606
Cash and cash equivalents as stated in the statement of cash flows		**1,814,440**	2,243,986

Statement of Financial Position

31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
NON-CURRENT ASSETS			
Prepayments, deposits and other receivables	28	**90,000**	–
Other intangible assets		**441**	–
Investments in subsidiaries	22	**1,493,886**	1,185,958
Due from subsidiaries	22	**6,990,784**	6,542,107
Total non-current assets		**8,575,111**	7,728,065
CURRENT ASSETS			
Prepayments, deposits and other receivables	28	**1,024**	1,056
Due from subsidiaries	22	**–**	524,000
Cash and cash equivalents	32	**48,066**	6,105
Total current assets		**49,090**	531,161
CURRENT LIABILITIES			
Other payables and accruals	34	**26,549**	21,512
Guaranteed bonds due July 2014	37	**998,374**	–
Convertible bonds	36	**–**	1,645,123
Total current liabilities		**1,024,923**	1,666,635
NET CURRENT LIABILITIES		**(975,833)**	(1,135,474)
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,599,278**	6,592,591
NON-CURRENT LIABILITIES			
Other payables and accruals	34	**288,786**	–
Interest-bearing bank and other borrowings	35	**2,174,942**	–
Guaranteed bonds due July 2014	37	**–**	996,764
Due to subsidiaries	22	**117,699**	88,023
Total non-current liabilities		**2,581,427**	1,084,787
NET ASSETS		**5,017,851**	5,507,804
EQUITY			
Issued capital	38	**154**	154
Equity component of convertible bonds	36	**–**	23,607
Reserves	39	**4,797,022**	5,303,769
Proposed final dividend	12	**220,675**	180,274
Total equity		**5,017,851**	5,507,804

Shen Guojun
Chairman

Chen Xiaodong
Executive Director

Notes to Financial Statements

31 December 2013

1. CORPORATE INFORMATION

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

In the opinion of the directors, the ultimate holding company of the Company is Fortune Achieve Group Ltd., a company incorporated in West Samoa. The intermediate holding company of the Company is Intime International Holdings Limited ("Intime International"), a company incorporated in the Cayman Islands.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. 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 as further explained in note 2.4. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise stated.

As at 31 December 2013, the Group had net current liabilities of approximately RMB2,002,649,000 (2012: RMB2,571,516,000). The directors believe that the Group has sufficient cash flows from the operations and currently available banking facilities to meet its liabilities as and when they fall due. Therefore, the financial statements are prepared on a going concern basis.

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (early adopted)
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

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

2.3 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 9	*Financial Instruments*[4]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	*Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39*[4]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*[1]
HK(IFRIC)-Int 21	*Levies*[1]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs issued in January 2014[2]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs issued in January 2014[2]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Effective for annual periods beginning on or after 1 January 2016
4 No mandatory effective date yet determined but is available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement.* This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated as at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other requirements in HKAS 39 in respect of liabilities are carried forward into HKFRS 9. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of these Additions.

In December 2013, the HKICPA added to HKFRS 9 the requirements related to hedge accounting and made some related changes to HKAS 30 and HKFRS 7 which include the corresponding disclosures about risk management activity for applying hedge accounting. The amendments to HKFRS 9 relax the requirements for assessing hedge effectiveness which result in more risk management strategies being eligible for hedge accounting. The amendments also allow greater flexibility on the hedged items and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments. In addition, the amendments to HKFRS 9 allow an entity to apply only the improved accounting for own credit risk-related fair value gains and losses arising on FVO liabilities as introduced in 2010 without applying the other HKFRS 9 requirements at the same time.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on impairment of financial assets continues to apply. The previous mandatory effective date of HKFRS 9 was removed by the HKICPA in December 2013 and a mandatory effective date will be determined after the entire replacement of HKAS 39 is completed. However, the standard is available for application now. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 are stated at cost less any impairment losses.

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates and joint ventures (continued)

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The results of associates and joint ventures are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in associates and joint ventures are treated as non-current assets and are stated at cost less any impairment losses.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets, investment properties, goodwill and non-current assets classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets (continued)

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognised such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Land and buildings	2.375% to 4.75%
Decorations	20% to 33.33%
Machinery	9.5% to 19%
Vehicles	7.92% to 19%
Furniture, fittings and equipment	19% to 31.67%
Leasehold improvements	20% to 33.33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation (continued)

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at historical cost less accumulated depreciation and provision for any impairment in value. Depreciation is calculated on the straight-line basis over the expected useful life of 20 to 40 years.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the statement of profit or loss during the financial period in which they are incurred.

Any gains or losses on the retirement on disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its carrying amount at the date of reclassification becomes its cost for accounting purposes. If an item of property, plant and equipment becomes an investment property because its use has changed, the carrying amount of this item at the date of transfer is recognised as the cost of an investment property for accounting purposes. Property being constructed or developed for future as an investment property is classified as an investment property.

Properties under development

Properties under development are intended to be held for sale after completion. On completion, the properties are transferred to completed properties held for sale.

Properties under development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Properties under development (continued)

Properties under development which are intended to be held for sale and expected to be completed within 12 months from the end of the reporting period are classified as current assets.

Properties under development which are intended to be held for sale and expected to be completed beyond 12 months from the end of the reporting period are classified as non-current assets.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than deferred tax assets and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of the acquisition. The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss or capitalised as part of the cost of construction in progress, investment properties and properties under development on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Leases agreement buyout

The lease agreement buyout represents the Group's payments to an old tenant to buy out its lease agreement. The lease agreement buyout is stated at cost less any impairment losses and is amortised on the straight-line basis over the lease terms of 20 years.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has positive intention and ability to hold them to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is include in finance income in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in other expenses.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, when the cumulative gain or loss reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends whilst holding the available-for-sale financial investments earned are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for “Revenue recognition” below.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (continued)

Available-for-sale financial investments (continued)

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the statement of profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

Available-for-sale financial investments (continued)

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables, amounts due to related parties and interest-bearing loans and borrowings and guaranteed bonds due July 2014.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

If the bond is redeemed, any difference between the fair values and the carrying amounts of the liability component and the derivative is recognised immediately in profit or loss. The difference between the total redemption payment and the fair value of the liability component and the derivative is considered as payment to redeem the equity component of the convertible bonds. This deemed redemption payment in relation to the equity component of the convertible bonds is dealt with directly in equity.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in equity.

Inventories

Inventories comprise merchandises purchased for resale and are stated at the lower of cost and net realisable value. Cost of merchandise is determined using the first-in, first-out method. The cost of merchandise comprises purchase cost of goods and other direct costs. Net realisable value is based on the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred revenue

The Group operates a loyalty point programme, which allows customers to accumulate points when they purchase products in the Group's department stores. The points can then be redeemed for gifts and coupons, subject to a minimum number of points being obtained. The coupons are cash-equivalent when customers use them to purchase products of the Group.

Consideration received is allocated between the products sold and the points issued, with the consideration allocated to the points equal to their fair value. Fair value of the points is determined by applying statistical analyses. The fair value of the points issued is deferred and recognised as revenue when the points are redeemed.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government grants (continued)

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is measured at the fair value of the consideration received net of value-added tax, estimated returns, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised as follows:

(a) Sale of goods – retail

Sales of goods are recognised when a group entity sells a product to the customers. Retail sales are usually in cash or by debit card or credit card.

(b) Commission revenue

Commission revenue from concessionaire sales is recognised upon the sale of goods by the relevant stores.

Customer loyalty award credits granted in sales of goods and concessionaire sales are accounted for as a separate component of the sales transaction in which they are granted. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished.

(c) Operating lease rental income and display space leasing income

These incomes are recognised on a time proportion basis over the terms of the respective leases.

(d) Other service incomes

Other service incomes including the administration fee and credit card handling fee are recognised in the accounting period in which the services are rendered, by reference to the completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

(e) Management fee income

Management fee income from the operation of department stores is recognised when management services are rendered.

(f) Promotion income

Promotion income is recognised according to the underlying contract terms with concessionaires and as the service is provided in accordance herewith.

(g) Sales of property income

Revenue from the sale of properties in the ordinary course of business is recognised when all the following criteria are met:

- the significant risks and rewards of ownership of the properties are transferred to the purchasers;
- neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the properties are retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the cost incurred or to be incurred in respect of the transaction can be measured reliably.

The above criteria are met when construction of the relevant properties has been completed and the Group has obtained the project completion report issued by the relevant government authorities, the properties have been delivered to the purchasers, and the collectibility of related receivables is reasonably assured. Payments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under current liabilities.

(h) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

(i) Dividend income

Dividend income is recognised when the right to receive payment has been established.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using an appropriate pricing model, further details of which are given in note 40 to the financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payments (continued)

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension obligations

The group companies operating in Mainland China participate in defined contribution retirement benefit plans organised by the relevant government authorities for its employees in Mainland China and contribute to these plans based on a certain percentage of the salaries of the employees on a monthly basis, up to a maximum fixed monetary amount, as stipulated by the relevant government authorities. The government authorities undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans.

The Group has no further obligation for post-retirement benefits beyond the contributions made. The contributions to these plans are recognised as employee benefit expenses when incurred.

Housing benefits

Employees of the group companies operating in Mainland China participate in government-sponsored housing funds. The Group contributes to these funds based on certain percentages of the salaries of the employees on a monthly basis, up to a maximum fixed monetary amount, as stipulated by the relevant government authorities. The Group's liability in respect of these funds is limited to the contribution payable in each period. Contributions to the funds are expensed as incurred.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate ranging between 6% and 7% has been applied to the expenditure on the individual assets.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currency of the Company and certain subsidiaries is the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these companies are translated into the presentation currency of the Group (RMB) at the exchange rates prevailing at the end of the reporting period, and their statements of profit or loss are translated at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates prevailing at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group’s accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements (continued)

Associate

The Group's management determines the classification of the Group's equity investments according to its ability to exercise control or influence on the investee companies. The respective accounting treatments under the Group's accounting policies are set out in note 2.4 above.

Certain equity investments in which the Group holds less than 20% of their voting power and over which the Group is able to exercise significant influence is classified by management as an investment in associates. When determining whether the Group has significant influence over these companies, management takes into consideration whether:

(a) the Group has representatives on the board of directors or an equivalent governing body of these companies;

(b) the Group can participate in the policy making processes of these companies, including participation in decision making such as dividends or other distributions;

(c) there are any material transactions between the Group and these companies;

(d) there are any interchange of managerial personnel between the Group and these companies;

(e) the Group provides any essential technical information to these companies; or

(f) there are any substantial or majority ownership by other investors which can significantly impair the Group's ability to exercise its influence over these companies.

Management reassesses the classification of each equity investment based on the above criteria at each reporting date or when there are events or changes in circumstances which affect the Group's ability to exercise control or influence over the investee companies.

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements (continued)

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2013 was RMB650,781,000 (2012: RMB650,781,000). More details are given in note 19.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses in Mainland China at 31 December 2013 was RMB72,726,000 (2012: RMB56,017,000). The amount of unrecognised tax losses at 31 December 2013 was RMB634,959,000 (2012: RMB399,793,000). Further details are contained in note 26 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and the related depreciation charge for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation charge in the future periods.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated selling expenses. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in customer taste or competitor actions in response to severe consumer product industry cycles. Management reassesses these estimates at each reporting date.

Impairment of other receivables, loans and receivables and amounts due from related parties

The Group's management estimates the provision for impairment of other receivables, loans and receivables and amounts due from related parties by assessing their recoverability based on credit history and the prevailing market conditions. This requires the use of estimates and judgements. Management reassesses the provision at each reporting date.

Provisions are applied to other receivables and amounts due from related parties where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimates, the difference will affect the carrying values of other receivables and amounts due from related parties and thus the impairment charge in the period in which the estimates are changed.

PRC land appreciation tax ("LAT")

LAT in the PRC is levied at progressive rates ranging from 30% to 60% on the appreciation of land value being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

PRC land appreciation tax ("LAT") (continued)

The subsidiaries of the Group engaging in the property development business in Mainland China are subject to LAT. However, the implementation of these taxes varies amongst various cities in Mainland China and the Group has not finalised its LAT returns with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, the differences will impact the statement of profit or loss and the provision for land appreciation taxes in the period in which such determination is made.

Deferred revenue

The amount of revenue attributable to the award credits earned by the customers of the Group's VIP programme is estimated based on the fair value of the credits awarded and the expected redemption rate. The expected redemption rate was estimated considering the number of the credits that will be available for redemption in the future after allowing for credits which are not expected to be redeemed.

Income taxes

The Group is primarily subject to income taxes in Mainland China. There are certain transactions and calculations for which the ultimate tax determination is uncertain. Where the final outcome of tax assessment is different from the carrying amounts of tax provision, the differences will impact the income tax and deferred tax provisions in the period in which the determination is made.

4. SEGMENT INFORMATION

For management purposes, the Group has a single operating and reportable segment – the operation and management of department stores and shopping malls 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 shopping malls and no revenue from operations amounting to 10 percent or more of the Group's revenue was derived from sales to a single customer for the years ended 31 December 2013 and 2012. All non-current assets (excluding financial instruments and deferred tax assets) of the Group are located in Mainland China.

5. REVENUE, OTHER INCOME AND GAINS

	2013 *RMB'000*	2012 *RMB'000*
Sale of goods – direct sales	**1,808,984**	1,467,311
Commissions from concessionaire sales	**2,322,547**	2,120,386
Rental income	**350,140**	288,859
Rental income from investment properties	**236,424**	146,664
Sublease rental income	**88,794**	117,239
Contingent rental income	**24,922**	24,956
Management fee income from operation of department stores	**28,548**	30,674
	4,510,219	3,907,230

The commissions from concessionaire sales are analysed as follows:

	2013 *RMB'000*	2012 *RMB'000*
Gross revenue from concessionaire sales	**13,504,441**	12,152,227
Commissions from concessionaire sales	**2,322,547**	2,120,386

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

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

	2013	2012
	RMB'000	*RMB'000*
Other income		
Advertisement, promotion and administration income	**317,500**	266,722
Supplementary income	**37,415**	43,280
Subsidy income	**57,657**	18,780
Others	**33,729**	24,265
	446,301	353,047
Gains/(losses)		
(Loss)/gain on disposal of items of property, plant and equipment	**(665)**	14,209
Gain on disposal of subsidiaries (note 41)	**341,379**	38,972
Gain on disposal of shares of an associate	**–**	126,938
Gain on disposal of available-for-sale investments	**672**	–
Gain on bargain purchase	**–**	39,956
Impairment of available-for-sale investments	**–**	(1,365)
Gain on disposal of trading securities	**11,752**	–
Others	**(79,149)**	(14,580)
	273,989	204,130
	720,290	557,177

6. PROFIT BEFORE TAX

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

	2013 RMB'000	2012 RMB'000
Purchases of goods and changes in inventories	**1,553,885**	1,236,879
Depreciation and amortisation	**452,697**	382,158
Staff costs (including directors' and chief executive's remuneration (note 9)):	**629,774**	507,175
Wages, salaries and bonuses	**470,353**	377,369
Pension costs – defined contribution schemes (note (a))	**81,798**	65,658
Welfare, medical and other benefits	**51,839**	35,782
Equity-settled share option expense (note 40)	**25,784**	28,366
Utility expenses	**248,163**	204,602
Store rental expenses	**400,442**	456,282
Credit card charges	**91,176**	92,740
Advertising expenses	**238,743**	174,120
Auditors' remuneration	**3,200**	3,200
Professional service charges	**14,789**	13,447
Other tax expenses	**74,357**	108,540
Direct operating expenses (including repairs and maintenance, but excluding depreciation and amortisation) arising on rental-earning investment properties	**90,633**	55,061
Rental income on investment properties less direct operating expenses of RMB90,633,000 (2012: RMB55,061,000)	**(145,791)**	(91,603)

Note:

(a) Employees of the Group's subsidiaries in Mainland China are required to participate in defined contribution retirement schemes administered and operated by the local municipal government. The Group's subsidiaries in Mainland China contribute funds to the retirement schemes to fund the retirement benefits of the employees which are calculated on a certain percentage of the average employee salary as agreed by the local municipal government. Such retirement schemes are responsible for the entire post-retirement benefit obligations payable to the retired employees. The Group has no further obligations for the actual payment of post-retirement benefits beyond the contributions.

7. FINANCE INCOME/FINANCE COSTS

An analysis of finance income and finance costs is as follows:

Finance income

	2013 *RMB'000*	2012 *RMB'000*
Interest income from bank deposits	**16,979**	9,202
Interest income from loans and receivables	**114,838**	153,206
Interest income from a joint venture	**14,973**	9,791
Interest income from associates	**18,286**	15,270
Other interest income	**73,939**	15,008
	239,015	202,477

Finance costs

	2013 *RMB'000*	2012 *RMB'000*
Interest expenses on bank loans wholly repayable within five years	**177,857**	119,974
Interest on convertible bonds	**65,692**	80,969
Interest on guaranteed bonds due July 2014	**49,783**	49,794
Less: Interest capitalised	**(109,272)**	(73,359)
	184,060	177,378

8. INCOME TAX

	2013 *RMB'000*	2012 *RMB'000*
Group:		
Current income tax – Mainland China	**461,220**	359,368
Deferred taxation (note 26)	**(26,113)**	(59,293)
	435,107	300,075

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Islands Companies Law and is exempted from the payment of Cayman Islands income tax.

The subsidiaries incorporated in the British Virgin Islands (the "BVI") are not subject to income tax as such subsidiaries do not have a place of business (other than a registered office only) or carry on any business in the BVI.

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

The subsidiaries incorporated in Singapore are subject to Singapore Income tax at the rate of 17% (2012: 17%).

All the subsidiaries established in Mainland China are subject to corporate income tax ("CIT") at the rate of 25% for the year 2013 (2012: 25%).

8. INCOME TAX (CONTINUED)

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for the country in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

Group:

	2013 *RMB'000*	2012 *RMB'000*
Profit before tax	**1,571,473**	1,320,527
Tax at the statutory tax rate of 25% (2012: 25%)	**392,868**	330,132
Lower tax rates for specific provinces or enacted by local authorities	**(1,451)**	(1,580)
Tax losses utilised from previous periods	**–**	(17,743)
Profits and losses attributable to associates and a joint venture	**(56,675)**	(60,451)
Effect of withholding tax at 10% on the distributable profits of an associate	**18,049**	18,338
Income not subject to tax	**(5,751)**	(10,146)
Adjustments in respect of current tax of previous periods	**(340)**	(18,541)
Tax losses not recognised	**82,932**	34,651
Expenses not deductible for tax	**5,475**	25,415
Tax charge at the Group's effective rate	**435,107**	300,075

The share of tax attributable to associates and a joint venture amounting to RMB75,567,000 (2012: RMB80,601,000) is included in "Share of profits and losses of joint ventures and associates" on the face of the consolidated statement of profit or loss.

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules of The Stock Exchange of Hong Kong Limited and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2013	2012
	RMB'000	*RMB'000*
Fees	**471**	486
Other emoluments:		
Salaries, allowances and benefits in kind	**5,979**	5,986
Equity-settled share option expense	**4,005**	4,664
	9,984	10,650
	10,455	11,136

During the years, certain directors were granted share options in respect of their services to the Group, under the share option schemes of the Company, further details of which are set out in note 40 to the financial statements. The fair value of these options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant, and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2013	2012
	RMB'000	*RMB'000*
Mr. SHI Chungui	**157**	162
Mr. YU Ning	**157**	162
Mr. CHOW Joseph	**157**	162
	471	486

There were no other emoluments payable to the independent non-executive directors during the year (2012: nil).

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive directors and non-executive directors

	Salaries, allowances and benefits in kind *RMB'000*	Equity-settled share option expense *RMB'000*	Total remuneration *RMB'000*
2013			
Executive director:			
Mr. SHEN Guojun	**2,440**	**–**	**2,440**
Executive director and chief executive:			
Mr. CHEN Xiaodong	**2,639**	**4,005**	**6,644**
Non-executive directors:			
Mr. LIU Dong	**393**	**–**	**393**
Mr. XIN Xiangdong	**393**	**–**	**393**
Mr. WONG Luen Cheung Andrew	**114**	**–**	**114**
	900	**–**	**900**
	5,979	**4,005**	**9,984**
2012			
Executive director:			
Mr. SHEN Guojun	2,505	–	2,505
Executive director and chief executive:			
Mr. CHEN Xiaodong	2,671	4,664	7,335
Non-executive directors:			
Mr. LIU Dong	405	–	405
Mr. XIN Xiangdong	405	–	405
Mr. LEE KaKit	–	–	–
	810	–	810
	5,986	4,664	10,650

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors and the chief executive (2012: one director and the chief executive), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining three (2012: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Group	
	2013	2012
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	**4,809**	2,227
Discretionary bonuses	**1,200**	3,049
Contributions to retirement benefit plans	**290**	251
Equity-settled share option expense	**2,665**	6,155
	8,964	11,682

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2013	2012
HK$1,500,001 to HK$ 2,000,000	**1**	–
HK$3,000,001 to HK$ 3,500,000	**1**	2
HK$3,500,001 to HK$ 4,000,000	**1**	1
HK$4,000,001 to HK$ 4,500,000	**–**	1
	3	4

During the year, share options were granted to the above non-director and non-chief executive, highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 40 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant, and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

11. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent for the year ended 31 December 2013 includes a loss of RMB215,515,000 (2012 profit: RMB355,090,000) which has been dealt with in the financial statements of the Company (note 39).

12. DIVIDENDS

	2013 ***RMB'000***	2012 *RMB'000*
Interim – RMB0.10 (2012: RMB0.10) per ordinary share	**200,261**	199,749
Proposed final – RMB0.11 (2012: RMB0.09) per ordinary share	**220,675**	180,274
	420,936	380,023

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

All dividends declared for the year ended 31 December 2012 totalling RMB380,023,000 and an interim dividend of RMB200,261,000 had been paid prior to 31 December 2013.

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,007,448,832 (2012: 1,992,119,977) in issue during the year.

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible bonds, where applicable. The weighted average number of ordinary shares used in the calculation is the weighted average number of ordinary shares in issue during the year, 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.

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

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

	2013 *RMB'000*	2012 *RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**1,065,181**	972,548
Interest on convertible bonds	**–**	80,969
Profit attributable to ordinary equity holders of the parent, used in the diluted earnings per share calculation	**1,065,181**	1,053,517

	Number of shares	
	2013	2012
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**2,007,448,832**	1,992,119,977
Effect of dilution – weighted average number of ordinary shares:		
Share options	**7,320,876**	14,489,757
Convertible bonds	**–**	151,996,868
Weighted average number of ordinary shares used in the diluted earnings per share calculation	**2,014,769,708**	2,158,606,602

14. DISPOSAL GROUP HELD FOR SALE

On 9 January 2013, the Company entered into three equity transfer agreements with Xintai Investment Co., Ltd. ("Xintai Investment"), to dispose of each of their 70% equity interests in Wenling Taiyue Real Estate Development Limited ("Wenling Taiyue"), Wenling Intime Properties Limited ("Wenling Intime Properties") and Wenling Intime Hotel Development Limited ("Wenling Intime Hotel"), subsidiaries of the Company, for a total consideration of RMB405,574,900. As at 31 December 2013, the transactions were in progress and Wenling Taiyue, Wenling Intime Properties and Wenling Intime Hotel were classified as a disposal group held for sale.

On 1 November 2013, Intime Department Store Company Limited ("Shanghai Intime") and Jiaxing Intime Investment and Management Company Limited ("Jiaxing Intime") entered into equity transfer agreements with Jiaxing Construction Investment Company Limited ("Jiaxing Construction"), to dispose of 30% and 30% of their respective equity interests in Jiaxing Intime Meiwan Xintiandi Investment and Management Company Limited ("Jiaxing Intime Xintiandi"), a subsidiary of the Company, for a total consideration of RMB362,488,800 for the 60% equity interest in aggregate. As at 31 December 2013, the transaction was in progress and Jiaxing Intime Xintiandi was classified as a disposal group held for sale.

The results of Wenling Intime Properties, Wenling Taiyue, Wenling Intime Hotel and Jiaxing Intime Xintiandi for the year (The 2012 results also included: Cixi Intime Property Co., Ltd., Suizhou New Century Property Co., Ltd. and Panzhihua Intime Management Co., Ltd., which have been disposed of in 2013) are presented below:

	2013 *RMB'000*	2012 *RMB'000*
Revenue	**29,476**	–
Other gain	**–**	1,174
Total expenses	**(30,907)**	(5,865)
Loss before tax	**(1,431)**	(4,691)
Income tax expense	**(1,751)**	(677)
Loss for the year from the disposal group held for sale	**(3,182)**	(5,368)

14. DISPOSAL GROUP HELD FOR SALE (CONTINUED)

The major classes of assets and liabilities of Wenling Intime Properties, Wenling Taiyue, Wenling Intime Hotel and Jiaxing Intime Xintiandi (The major classes of assets and liabilities as at 31 December 2012 also included Cixi Intime Property Co., Ltd., Suizhou New Century Property Co., Ltd. and Panzhihua Intime Management Co., Ltd., which have been disposed of in 2013) classified as held for sale as at 31 December are as follows:

	Notes	2013 *RMB'000*	2012 *RMB'000*
Assets			
Property, plant and equipment		**33,554**	53,447
Prepaid land lease payments		**90,157**	309,790
Properties under development		**520,255**	1,171,224
Trade receivables		**2,101**	–
Deposits, prepayments and other receivables		**38,237**	249,721
Investment properties		**368,332**	–
Deferred tax assets	26	**–**	5,671
Restricted bank balances		**265,176**	–
Cash and cash equivalents		**75,927**	126,606
Assets classified as held for sale		**1,393,739**	1,916,459
Liabilities			
Other payables and accruals		**144,851**	1,069,082
Tax payable		**(163)**	(961)
Deferred tax liabilities	26	**–**	19,983
Liabilities directly associated with the assets classified as held for sale		**144,688**	1,088,104
Net assets directly associated with the disposal group		**1,249,051**	828,355

Amounts due from and due to the disposal group held for sale amounting to RMB312,509,962 (2012: RMB582,511,489) and RMB5,774,105 (2012: RMB72,500,000), respectively were eliminated as at 31 December 2013 and not included in liabilities directly associated with the assets classified as held for sale and assets classified as held for sale.

14. DISPOSAL GROUP HELD FOR SALE (CONTINUED)

The net cash flows incurred by Wenling Intime Properties, Wenling Taiyue, Wenling Intime Hotel and Jiaxing Intime Xintiandi for the years (The 2012 net cash flows also included: Cixi Intime Property Co., Ltd., Suizhou New Century Property Co., Ltd. and Panzhihua Intime Management Co., Ltd., which have been disposed of in 2013) are as follows:

	2013	2012
	RMB'000	*RMB'000*
Operating activities	**2,874**	(24,358)
Investing activities	**(72,860)**	(3,805)
Financing activities	**320,305**	142,546
Net cash inflow	**250,319**	114,383

Non-recurring fair value measurements:

	2013	2012
	RMB'000	*RMB'000*
Assets held for sale	**1,579,824**	1,159,454

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Land and buildings RMB'000	Decorations RMB'000	Machinery RMB'000	Vehicles RMB'000	Furniture, fittings and equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2012								
At 31 December 2011 and at 1 January 2012:								
Cost	1,961,082	368,165	170,632	29,087	82,801	596,933	626,822	3,835,522
Accumulated depreciation	(247,717)	(109,019)	(76,858)	(12,665)	(33,911)	(281,380)	–	(761,550)
Net carrying amount	1,713,365	259,146	93,774	16,422	48,890	315,553	626,822	3,073,972
At 1 January 2012, net of accumulated deprecation	1,713,365	259,146	93,774	16,422	48,890	315,553	626,822	3,073,972
Additions	545,146	22,343	35,567	9,992	21,775	95,997	833,847	1,564,667
Transfer	252,616	26,405	21,530	–	1,712	11,317	(313,580)	–
Acquisition of subsidiaries	98,890	19,199	12,340	1,163	117	–	–	131,709
Depreciation provided during the year	(68,107)	(71,006)	(18,841)	(5,533)	(17,051)	(95,825)	–	(276,363)
Transfer to assets held for sale	–	–	–	–	(34)	–	(3,511)	(3,545)
Transfer to investment properties (note 16)	(168,110)	(12,143)	(12,540)	–	–	–	(16,926)	(209,719)
Disposals	(962)	–	(112)	(142)	(288)	(2,448)	–	(3,952)
Disposal of a subsidiary	–	–	–	(308)	(438)	–	–	(746)
At 31 December 2012, net of accumulated depreciation	2,372,838	243,944	131,718	21,594	54,683	324,594	1,126,652	4,276,023
At 31 December 2012:								
Cost	2,684,109	407,483	224,478	40,378	103,136	700,505	1,126,652	5,286,741
Accumulated depreciation	(311,271)	(163,539)	(92,760)	(18,784)	(48,453)	(375,911)	–	(1,010,718)
Net carrying amount	2,372,838	243,944	131,718	21,594	54,683	324,594	1,126,652	4,276,023

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group (continued)

	Land and buildings RMB'000	Decorations RMB'000	Machinery RMB'000	Vehicles RMB'000	Furniture, fittings and equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2013								
At 31 December 2012 and at 1 January 2013:								
Cost	2,684,109	407,483	224,478	40,378	103,136	700,505	1,126,652	5,286,741
Accumulated depreciation	(311,271)	(163,539)	(92,760)	(18,784)	(48,453)	(375,911)	–	(1,010,718)
Net carrying amount	2,372,838	243,944	131,718	21,594	54,683	324,594	1,126,652	4,276,023
At 1 January 2013, net of accumulated deprecation	2,372,838	243,944	131,718	21,594	54,683	324,594	1,126,652	4,276,023
Additions	150,125	58,694	1,073	9,066	38,895	192,106	1,422,169	1,872,128
Transfer	623,788	6,475	328	–	1,340	111,563	(743,494)	–
Depreciation provided during the year	(106,918)	(54,990)	(19,392)	(7,282)	(21,599)	(106,086)	–	(316,267)
Transfer to assets held for sale	–	–	–	(39)	(172)	–	–	(211)
Transfer from/(to) investment properties (note 16)	73,601	(5,204)	6,931	–	–	–	(159,115)	(83,787)
Transfer from properties under development (note 18)	1,123	–	–	–	–	–	–	1,123
Disposals	–	–	(6)	(746)	(384)	(100)	–	(1,236)
At 31 December 2013, net of accumulated depreciation	3,114,557	248,919	120,652	22,593	72,763	522,077	1,646,212	5,747,773
At 31 December 2013:								
Cost	3,541,934	502,021	233,800	46,768	139,655	969,092	1,646,212	7,079,482
Accumulated depreciation	(427,377)	(253,102)	(113,148)	(24,175)	(66,892)	(447,015)	–	(1,331,709)
Net carrying amount	3,114,557	248,919	120,652	22,593	72,763	522,077	1,646,212	5,747,773

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Amortisation of land lease payments of approximately RMB15,575,000 (2012: RMB18,935,000) during the construction period capitalised as part of the construction cost incurred in Haining City, Linhai City and Wenling City in Zhejiang Province and Liuzhou City in Guangxi Province was included in the above additions of construction in progress.

The Group pledged certain of its buildings to secure the Group's banking facilities (note 35(b)). The net carrying amount of these pledged buildings as at 31 December 2013 was approximately RMB1,718,008,000 (2012: RMB528,300,000).

The application for the ownership certificates of certain buildings located in Xiantao City of Hubei Province and Xi'an City of Shaanxi Province, the PRC, with a carrying amount of RMB168,020,000 as at 31 December 2013 (2012: RMB1,434,647,000) is in progress.

The directors are of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned buildings. The directors are also of the opinion that the aforesaid matter will not have any significant impact on the Group's financial position as at 31 December 2013.

16. INVESTMENT PROPERTIES

Group

	2013 ***RMB'000***	2012 *RMB'000*
Carrying amount at 1 January	**2,545,476**	1,726,188
Additions	**153,106**	131,913
Acquisition of a subsidiary	**–**	477,921
Depreciation for the year	**(77,149)**	(57,885)
Transfer from property, plant and equipment (note 15)	**83,787**	209,719
Transfer from prepaid land lease payments (note 17)	**30,551**	57,620
Transfer to assets held for sale	**(368,332)**	–
Carrying amount at 31 December	**2,367,439**	2,545,476
Fair value	**4,822,615**	3,395,670

16. INVESTMENT PROPERTIES (CONTINUED)

The Group's investment properties principally comprise buildings held for long term rental yields, which are located in Hangzhou City and Jinhua City of Zhejiang Province, Shenyang City of Liaoning Province, Hefei City of Anhui Province, Xi'an City of Shaanxi Province, and Suizhou City of Hubei Province, the PRC, and are held under the following lease terms:

	RMB'000
Medium term leases	1,075,799
Short term leases	1,291,640
	2,367,439

The above fair value of investment properties as at each reporting date for disclosure purpose is estimated by the Company's directors based on the discounted cash flow of estimated future rental income.

The Group pledged certain of its investment properties to secure the Group's banking facilities (note 35(b)). The carrying amount of these pledged investment properties as at 31 December 2013 was approximately RMB647,272,000 (2012: RMB634,198,000).

The application for the ownership certificates of certain buildings located in Xi'an City of Shaanxi Province, the PRC, with a carrying amount of RMB323,381,000 as at 31 December 2013 (2012: RMB855,080,000) is in progress.

The directors are of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned investment properties. The directors are also of the opinion that the aforesaid matter will not have any significant impact on the Group's financial position as at 31 December 2013.

17. PREPAID LAND LEASE PAYMENTS

Group

	2013 *RMB'000*	2012 *RMB'000*
Carrying amount at 1 January	**2,177,497**	2,954,790
Additions	**3,033**	321,661
Acquisition of a subsidiary	**–**	95,524
Transfer to assets held for sale	**–**	(269,162)
Transfer to investment properties (note 16)	**(30,551)**	(57,620)
Transfer from/(to) properties under development (note 18)	**13,246**	(804,506)
Government grant received	**(38,786)**	–
Amortisation for the year	**(66,743)**	(63,190)
Carrying amount at 31 December	**2,057,696**	2,177,497

The Group's leasehold land is located in Hangzhou City, Haining City, Wenling City, Jinhua City and Cixi City of Zhejiang Province, Hefei City of Anhui Province, Suizhou City, Wuhan City and Xiantao City of Hubei Province, Liuzhou City of Guangxi Province and Xi'an City of Shaanxi Province, the PRC, with lease periods ranging from 32 to 50 years.

Included in the amortisation provided during the year was an amount of approximately RMB15,575,000 (2012: RMB18,935,000), which was capitalised as part of the construction cost of the stores in Haining City, Linhai City and Wenling City in Zhejiang Province and Liuzhou City in Guangxi Province. Further details of this capitalisation are included in note 15.

The Group pledged its prepaid land lease payments to secure the Group's banking facilities (note 35(b)). The carrying amount of these pledged prepaid land lease payments as at 31 December 2013 was approximately RMB1,161,816,000 (2012: RMB777,175,000).

18. PROPERTIES UNDER DEVELOPMENT

Group

	2013 RMB'000	2012 RMB'000
At beginning of year	**717,958**	810,173
Transfer (to)/from prepaid land lease payments (note 17)	**(13,246)**	804,506
Additions	**324,356**	542,884
Transfer to property, plant and equipment (note 15)	**(1,123)**	–
Disposal of a subsidiary	**–**	(340,249)
Transfer to assets held-for-sale	**–**	(963,699)
Government grant received	**(21,964)**	–
Recognised in the statement of profit or loss	**(100,914)**	(135,657)
At end of year	**905,067**	717,958
Current assets	**905,067**	478,229
Non-current assets	**–**	239,729
	905,067	717,958

The Group's properties under development are located in Mainland China.

The carrying amounts of the properties under development situated on the leasehold land in Mainland China are as follows:

	2013 RMB'000	2012 RMB'000
Leases of over 50 years	**244,182**	539,459
Leases of between 20 and 50 years	**660,885**	178,499
	905,067	717,958

The Group pledged certain of its properties under development to secure the Group's banking facilities (note 35(b)). The carrying amount of these pledged properties under development as at 31 December 2013 was RMB460,383,000 (2012: RMB10,205,000).

19. GOODWILL

Group

	2013 RMB'000	2012 RMB'000
Cost at 1 January	**650,781**	560,085
Acquisition of subsidiaries	**–**	90,696
Cost and net carrying amount at 31 December	**650,781**	650,781

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the relevant department stores from which the goodwill was resulted. These individual department stores are treated as a cash-generating unit for impairment testing:

Department store cash-generating unit

The recoverable amount of the department store cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 14% and cash flows beyond the five-year period are extrapolated using a growth rate of 3% which is the same as the long term average growth rate of the department store industry.

The carrying amount of goodwill allocated to each cash-generating unit of operation of department stores is:

	2013 RMB'000	2012 RMB'000
Carrying amount of goodwill	**650,781**	650,781

Assumptions were used in the value in use calculation of the department store cash-generating unit for 31 December 2013. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted income – The basis used to determine the value assigned to income is the average income achieved in the year immediately before the budget year, increased for expected efficiency improvements and expected market development.

Discount rates – The discount rate used is before tax and reflects specific risks relating to the relevant unit.

20. OTHER INTANGIBLE ASSETS

Group

	Computer software RMB'000	Lease agreement buyout RMB'000	Total RMB'000
31 December 2013			
At 1 January 2013:			
Cost	13,958	28,000	41,958
Accumulated amortisation	(7,995)	(1,750)	(9,745)
Net carrying amount	5,963	26,250	32,213
Cost at 1 January 2013, net of accumulated amortisation	5,963	26,250	32,213
Additions	2,376	–	2,376
Disposal	(108)	–	(108)
Amortisation provided during the year	(3,032)	(1,400)	(4,432)
At 31 December 2013	5,199	24,850	30,049
At 31 December 2013:			
Cost	16,226	28,000	44,226
Accumulated amortisation	(11,027)	(3,150)	(14,177)
Net carrying amount	5,199	24,850	30,049
31 December 2012			
At 1 January 2012:			
Cost	10,407	28,000	38,407
Accumulated amortisation	(6,015)	(350)	(6,365)
Net carrying amount	4,392	27,650	32,042
Cost at 1 January 2012, net of accumulated amortisation	4,392	27,650	32,042
Additions	3,580	–	3,580
Disposal of a subsidiary	(24)	–	(24)
Amortisation provided during the year	(1,985)	(1,400)	(3,385)
At 31 December 2012	5,963	26,250	32,213
At 31 December 2012:			
Cost	13,958	28,000	41,958
Accumulated amortisation	(7,995)	(1,750)	(9,745)
Net carrying amount	5,963	26,250	32,213

21. PREPAID RENTAL

Group

	RMB'000
31 December 2013	
Carrying amount at 1 January 2013,	**82,324**
Addition	**101,650**
Recognised during the year	**(102,534)**
At 31 December 2013	**81,440**
Less: Current portion	**(17,005)**
Non-current portion of prepaid rental	**64,435**
31 December 2012	
Carrying amount at 1 January 2012,	70,015
Addition	40,423
Recognised during the year	(28,114)
At 31 December 2012	82,324
Less: Current portion	(21,830)
Non-current portion of prepaid rental	60,494

22. INVESTMENTS IN SUBSIDIARIES

Company

	2013 *RMB'000*	2012 *RMB'000*
Unlisted shares, at cost	**1,493,886**	1,185,958

The amounts due from and to subsidiaries included in the Company's non-current assets and non-current liabilities of RMB6,990,784,000 (2012: RMB6,542,107,000) and RMB117,699,000 (2012: RMB88,023,000), respectively, are unsecured and interest-free, and have no fixed repayment terms. The carrying amounts of these amounts due from/to subsidiaries approximate to their fair values.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and kind of legal entity	Nominal value of issued ordinary/ registered and share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
North Hill Holdings Limited	BVI, limited liability company	United States dollars ("US$") 1	100%	–	Investment holding
River Three Holdings Limited	BVI, limited liability company	US$1	100%	–	Investment holding and trademark management
Hangzhou Intime North Hill Enterprise Management Co., Ltd.	Mainland China, wholly-foreign-owned enterprise ("WFOE")	US$55,000,000	–	100%	Investment holding
Zhejiang Intime Department Store Co., Ltd. ("Zhejiang Intime")	Mainland China, WFOE	RMB800,000,000	–	100%	Operation and management of department stores and investment holding
Shanghai Intime	Mainland China, WFOE	RMB300,000,000	–	100%	Operation and management of department stores and investment holding

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ registration and kind of legal entity	Nominal value of issued ordinary/ registered and share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Zhejiang Wenzhou Intime Department Store Co., Ltd.	Mainland China, limited liability company	RMB30,000,000	–	100%	Operation and management of department stores
Hangzhou Intime Outlets Commercial Development Co., Ltd. ("Hangzhou Outlets")	Mainland China, limited liability company	RMB20,000,000	–	100%	Investment holding
Zhejiang Intime Department Store (Jinhua) Co., Ltd.	Mainland China, limited liability company	RMB30,000,000	–	100%	Operation and management of department stores
Intime Department Store (Ningbo Yinzhou) Co., Ltd.	Mainland China, limited liability company	RMB20,000,000	–	100%	Operation and management of department stores
Zhejiang Zhelian Investment and Management Co., Ltd. *	Mainland China, limited liability company	RMB10,000,000	–	50%	Investment holding and property development
Hangzhou Yinxi Intime Department Store Co., Ltd. *	Mainland China, limited liability company	RMB36,000,000	–	50%	Operation and management of department stores
Ezhou Intime Department Store & Trade Company Limited	Mainland China, limited liability company	RMB23,000,000	–	100%	Operation and management of department stores
Hubei Intime Department Store Co., Ltd.	Mainland China, limited liability company	RMB90,000,000	–	100%	Operation and management of department stores
Hangzhou Linping Intime Shopping Center Co., Ltd.	Mainland China, limited liability company	RMB10,000,000	–	100%	Operation and management of department stores
Jinhua Intime Shopping Center Co., Ltd.	Mainland China, limited liability company	RMB30,000,000	–	100%	Operation and management of department stores

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ registration and kind of legal entity	Nominal value of issued ordinary/ registered and share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Shenyang North Intime Real Estate Co., Ltd.	Mainland China, limited liability company	RMB6,800,000	–	100%	Lease of real estate and equipment; property management
Xi'an Central Intime Commercial Management Co., Ltd.	Mainland China, limited liability company	RMB30,000,000	–	60%	Operation and management of department stores
Yiwu Intime Department Store Co., Ltd.	Mainland China, limited liability company	RMB15,000,000	–	52%	Operation and management of department stores
Hubei Intime Xiantao Shangcheng Building Co., Ltd.	Mainland China, limited liability company	RMB36,925,000	–	65.8%	Operation and management of department stores
Intime Department Store (Hong Kong) Company Limited ("Intime HK")	Hong Kong, limited liability company	HK$1,000,000	100%	–	Investment holding
Zhejiang Intime Investment Co., Ltd. ("Zhejiang Intime Investment")	Mainland China, WFOE	RMB1,310,000,000	–	100%	Investment holding
Fuyang Intime Department Store Co., Ltd.	Mainland China, limited liability company	RMB10,000,000	–	100%	Operation and management of department stores
Anhui Province Huaqiao Hotel Company Limited ("Anhui Huaqiao Hotel")	Mainland China, limited liability company	RMB260,000,000	–	100%	Property development
Cixi Intime Commercial Management Co., Ltd.	Mainland China, limited liability company	RMB150,600,000	–	100%	Property development

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ registration and kind of legal entity	Nominal value of issued ordinary/ registered and share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Sin Cheng Holdings Pte Ltd. ("Sin Cheng")	Singapore, private limited company	Singapore dollars ("SG$") 1,200,000	–	100%	Investment and business management
Hubei Wuluo Innovation Park Development Co., Ltd.	Mainland China, limited liability company	RMB60,000,000	–	100%	Property development
Hangzhou Intime Century Department Store Co., Ltd.	Mainland China, WFOE	US$20,000,000	–	100%	Operation and management of department stores
Intime Department Store (Ningbo Haishu) Co., Ltd.	Mainland China, limited liability company	RMB50,000,000	–	100%	Operation and management of department stores
Intime Department Store (Ningbo Jiangdong) Co., Ltd.	Mainland China, limited liability company	RMB50,000,000	–	100%	Operation and management of department stores
Zhoushan Intime Department Store Co., Ltd.	Mainland China, limited liability company	RMB10,000,000	–	100%	Operation and management of department stores
Hubei New Century Shopping Center Co., Ltd.	Mainland China, limited liability company	RMB10,000,000	–	85%	Operation and management of department stores
Raffland Pte. Ltd.	Singapore, private limited company	SG$33,246,499	–	51%	Investment holding
Liuzhou New Real Estate Development Company Limited	Mainland China, WFOE	US$49,000,000	–	51%	Property development
Xi'an Southline Department Store Co., Ltd.	Mainland China, limited liability company	HK$91,000,000	–	100%	Lease of real estate and equipment; property management

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ registration and kind of legal entity	Nominal value of issued ordinary/ registered and share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Anhui Intime Commercial Co., Ltd.	Mainland China, limited liability company	RMB30,000,000	–	100%	Operation and management of department stores
Tangshan Intime Department Store Co., Ltd.	Mainland China, limited liability company	RMB10,000,000	–	100%	Operation and management of department stores
Wenling Intime Shopping Mall Development Co., Ltd.	Mainland China, limited liability company	RMB300,000,000	70%	–	Operation and management of department stores
Haining Intime Property Co., Ltd.	Mainland China, WFOE	US$150,000,000	–	100%	Property development
Xi'an Qujiang Intime International Shopping Mall Co., Ltd. ("Xi'an Qujiang Intime")	Mainland China, limited liability company	RMB175,000,000	–	100%	Lease of real estate and equipment; property management
Wenzhou Mingchen Trade Co., Ltd.	Mainland China, limited liability company	RMB26,290,000	–	51%	Cosmetics trading
Linhai Intime Shopping Mall Development Co., Ltd.	Mainland China, limited liability company	RMB100,000,000	–	100%	Lease of real estate and equipment; property management
Hangzhou Yinyao Shopping Mall Co., Ltd. *	Mainland China, limited liability company	RMB20,000,000	–	50%	Operation and management of department stores
Hangzhou Intime Sanjiang Commercial Development Co., Ltd. ("Intime Sanjiang")	Mainland China, WFOE	US$40,000,000	–	100%	Operation and management of department stores

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ registration and kind of legal entity	Nominal value of issued ordinary/ registered and share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Fenghua Intime Department Store Co., Ltd. ("Fenghua Intime")	Mainland China, limited liability company	RMB50,000,000	–	100%	Operation and management of department stores
Haining Intime Department Store Co., Ltd.	Mainland China, limited liability company	RMB10,000,000	–	100%	Operation and management of department stores
Linhai Intime Department Store Co., Ltd.	Mainland China, limited liability company	RMB120,000,000	–	100%	Operation and management of department stores
Shaoxing Jindi Intime Shopping Centre Co., Ltd.	Mainland China, limited liability company	RMB30,000,000	–	51%	Operation and management of department stores
Hefei Intime City Commercial Management Co., Ltd.	Mainland China, limited liability company	RMB10,000,000	–	100%	Operation and management of department stores
Huzhou Yindong Shopping Centre Co., Ltd.	Mainland China, limited liability company	RMB20,000,000	–	51%	Operation and management of department stores
Shaoxing Intime Department Store Co., Ltd.	Mainland China, limited liability company	RMB35,000,000	–	100%	Operation and management of department stores
Huzhou Yinjia Department Store Co., Ltd.	Mainland China, limited liability company	RMB38,000,000	–	100%	Operation and management of department stores
Baoji Dongling Intime Department Store Co., Ltd.	Mainland China, limited liability company	RMB30,000,000	–	70%	Operation and management of department stores
Zhejiang Intime Trade Co., Ltd.	Mainland China, limited liability company	RMB10,000,000	–	100%	Cosmetics and apparel trading

* These companies are accounted for as subsidiaries of the Group as the Group is able to control their financial and operating policies.

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

23. INVESTMENT IN A JOINT VENTURE

Group

	2013	2012
	RMB'000	*RMB'000*
Share of net assets	**93,882**	144,944
Goodwill on acquisition	**136,519**	136,519
	230,401	281,463

The movements of the investment in a joint venture during the years 2013 and 2012 are as follows:

	2013	2012
	RMB'000	*RMB'000*
At 1 January	**281,463**	293,729
Share of losses	**(48,737)**	(3,612)
Unrealised profit and loss resulting from the transaction with the Group	**(2,325)**	(8,654)
At 31 December	**230,401**	281,463

23. INVESTMENT IN A JOINT VENTURE (CONTINUED)

Particulars of the Group's joint venture is as follows:

Name	Registered share capital	Place of registration and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
Hangzhou Xin Hubin Commercial Development Co., Ltd. ("Xin Hubin")	RMB80,000,000	PRC/ Mainland China	50	50	50	Property development; Wholesale and retailing

The investment in the joint venture is held through a wholly-owned subsidiary of the Company.

The following table illustrates the summarised financial information of the Group's joint venture that is not material to the Group:

	2013 *RMB'000*	2012 *RMB'000*
Share of the joint venture's assets and liabilities:		
Current assets	**14,886**	7,351
Non-current assets	**1,036,713**	1,010,263
Current liabilities	**105,267**	175,789
Non-current liabilities	**852,450**	696,881
Net assets	**93,882**	144,944

	2013 *RMB'000*	2012 *RMB'000*
Share of the joint venture's loss for the year:	**(48,737)**	(3,612)

24. INTERESTS IN ASSOCIATES

Group

	2013 *RMB'000*	2012 *RMB'000*
Unlisted:		
Share of net assets	**443,114**	523,897
Goodwill on acquisition	**972,791**	972,791
	1,415,905	1,496,688
Listed in Mainland China:		
Share of net assets	**827,819**	789,572
Goodwill on acquisition	**134,590**	134,590
	962,409	924,162
Disposal of shares in an associate	**–**	(69,360)
	962,409	854,802
	2,378,314	2,351,490
Market value of listed shares	**1,461,417**	1,317,108

24. INTERESTS IN ASSOCIATES (CONTINUED)

The movements of the investments in associates during the years 2013 and 2012 are as follows:

	2013 *RMB'000*	2012 *RMB'000*
At 1 January	**2,351,490**	2,519,602
Share of profits and losses	**275,438**	245,418
Establishment of an associate	**–**	14,500
Capital injection to associates	**29,000**	–
Dividends	**(250,000)**	(300,000)
Disposal of shares of an associate	**–**	(69,360)
Unrealised profit and loss resulting from the transaction with the Group	**(12,574)**	(26,242)
Share of other comprehensive loss of an associate	**–**	(3,062)
Transfer to a subsidiary	**–**	(45,887)
Exchange realignment	**(15,040)**	16,521
At 31 December	**2,378,314**	2,351,490

24. INTERESTS IN ASSOCIATES (CONTINUED)

Particulars of the associates are as follows:

Name	Particulars of issued shares held	Registered and share capital	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Wuhan Department Store Group Co., Ltd.	114,531,139 ordinary shares of RMB1 each	N/A	PRC/Mainland China	22.58%	Operation and management of supermarkets and department stores
Zhejiang Intime Electronic Commerce Co., Ltd. ("Zhejiang Intime Electronic Commerce")	N/A	RMB127,890,000	PRC/Mainland China	26.5%	Operation and management of on-line shopping mall
Anhui Hualun Gangwan Culture Investment Co., Ltd. ("Anhui Hualun")	N/A	RMB200,000,000	PRC/Mainland China	43%	Operation and management of department stores and property development
Beijing Youyi Lufthansa Shopping City Co., Ltd. Beijing Lufthansa Centre ("Beijing Youyi Lufthansa")	N/A	RMB60,000,000	PRC/Mainland China	50%	Operation and management of department stores
Hangzhou Zhongda Shengma Property Co., Ltd. ("Zhongda Shengma")	N/A	RMB50,000,000	PRC/Mainland China	40%	Property development
Bozhou Hualun International Culture Investment Co., Ltd. ("Bozhou Hualun")	N/A	RMB150,000,000	PRC/Mainland China	29%	Operation and management of department stores and property development

24. INTERESTS IN ASSOCIATES (CONTINUED)

The investments in associates are held through wholly-owned subsidiaries of the Company.

The percentages of voting rights and profit sharing of these associates are the same with the percentage of ownership interests.

The Group has discontinued the recognition of its share of losses of associates Zhejiang Intime Electronic Commerce and Zhongda Shengma because the share of losses of the associates exceeded the Group's interest in the associates and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised shares of losses of these associates for the current year and cumulatively were RMB43,059,000 (2012: RMB22,563,000) and RMB65,622,000 (2012: RMB22,563,000), respectively.

Benjing Youyi Lufthansa, which is considered a material associate of the Group, is a strategic partner of the Group engaged in the operation and management of the department stores and shopping malls and is accounted for using the equity method.

The following table illustrates the summarised financial information of Beijing Youyi Lufthansa adjusted for any differences in accounting policies, and reconciled to the carrying amount in the consolidated financial statements:

	2013 *RMB'000*	2012 *RMB'000*
Current assets	**2,048,638**	2,015,457
Non-current assets	**157,408**	158,629
Current liabilities	**(1,758,526)**	(1,587,542)
Net assets	**447,520**	586,544
Reconciliation to the Group's interest in the associates:		
Portion of the Group's ownership	**50%**	50%
Group's share of the net assets of the associate	**223,760**	293,272
Goodwill on acquisition	**972,791**	972,791
Exchange realignment	**1,481**	14,521
Carrying amount of the investment	**1,198,032**	1,280,584
Revenues	**1,337,635**	1,398,434
Profit for the year	**360,976**	366,768
Total comprehensive income for the year	**360,976**	366,768
Dividend received/receivable from the associate	**250,000**	300,000

24. INTERESTS IN ASSOCIATES (CONTINUED)

The following table illustrates the summarised financial information of the Group's associates that are not individually material:

	2013 *RMB'000*	2012 *RMB'000*
Share of the associates' profit or loss for the year	**94,950**	62,033
Share of the associates' total comprehensive income	**94,950**	58,971
Aggregate carrying amount of the Group's investments in the associates	**1,180,282**	1,070,906

25. AVAILABLE-FOR-SALE INVESTMENTS

Group

	2013 *RMB'000*	2012 *RMB'000*
Listed equity investments, at fair value:		
Mainland China	**–**	24,466

The movements of the available-for-sale investments during the years 2013 and 2012 are as follows:

	2013 *RMB'000*	2012 *RMB'000*
At beginning of year	**24,466**	41,724
Impairment charged to the statement of profit or loss	**–**	(1,365)
Disposal	**(24,466)**	(15,893)
At end of year	**–**	24,466

26. DEFERRED TAX

Group

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Accruals	Government subsidy	Losses available for offsetting against future taxable profits	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2012	37,885	25,313	37,912	9,009	110,119
Recognised in the statement of profit or loss (note 8)	7,098	12,500	18,105	21,474	59,177
Transfer to assets of disposal group classified as held for sale (note 14)	(5,671)	–	–	–	(5,671)
At 31 December 2012 and 1 January 2013	39,312	37,813	56,017	30,483	163,625
Recognised in the statement of profit or loss (note 8)	3,740	15,188	16,709	(9,025)	26,612
At 31 December 2013	43,052	53,001	72,726	21,458	190,237

The Group has tax losses arising in Mainland China of RMB634,959,000 (2012: RMB399,793,000) that will expire in one to five years for offsetting against future taxable profits for which no deferred tax assets have been recognised, as they have arisen in subsidiaries that have been loss-making for some time and it is uncertain that taxable profits will be available against which the tax losses can be utilised.

26. DEFERRED TAX (CONTINUED)

Deferred tax liabilities

	Available-for-sale investments RMB'000	Fair value adjustment arising from acquisition of subsidiaries RMB'000	Withholding tax at 10% on the distributable profits of Group's PRC subsidiaries and associates RMB'000	Others RMB'000	Total RMB'000
At 1 January 2012	10,211	347,551	36,165	4,371	398,298
Acquisition of a subsidiary	–	46,617	–	–	46,617
Transfer to tax payable during the year	–	–	(15,000)	–	(15,000)
Transfer to liabilities directly associated with the assets classified as held for sale (note 14)	–	(19,983)	–	–	(19,983)
Exchange realignment	–	–	23	–	23
Recognised in the statement of profit or loss (note 8)	(4,436)	(11,754)	3,315	12,759	(116)
At 31 December 2012 and 1 January 2013	5,775	362,431	24,503	17,130	409,839
Transfer to tax payable during the year	–	–	(7,500)	–	(7,500)
Exchange realignment	–	–	(278)	–	(278)
Recognised in the statement of profit or loss (note 8)	(5,775)	(13,403)	10,827	8,850	499
At 31 December 2013	–	349,028	27,552	25,980	402,560

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable to withholding taxes on dividends distributed by its subsidiaries, joint ventures and associates established in Mainland China in respect of earnings generated from 1 January 2008.

26. DEFERRED TAX (CONTINUED)

Deferred tax liabilities (continued)

At 31 December 2013, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities arising from the withholding tax have not been recognised totalled approximately RMB4,369,506,000 at 31 December 2013 (2012: RMB3,221,393,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

27. INVENTORIES

Group

	2013 *RMB'000*	2012 *RMB'000*
Store merchandise, at cost or net realisable value	**481,496**	358,807
Low value consumables	**2,697**	2,470
	484,193	361,277

28. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Current:				
Advance to the subsidiaries disposed of	**144,160**	155,072	**–**	–
Rental deposits	**86,101**	78,600	**–**	–
Prepaid rental	**17,005**	21,830	**–**	–
Advances to suppliers	**27,720**	25,414	**–**	–
Advances to third parties	**410,799**	251,314	**–**	–
Prepaid tax	**75,099**	19,831	**–**	–
Prepayments	**88,808**	118,500	**–**	–
Guarantee deposits	**45,271**	49,055	**–**	–
Dividend receivable from an associate	**100,000**	–	**–**	–
Others	**120,066**	104,365	**1,024**	1,056
	1,115,029	823,981	**1,024**	1,056
Non-current:				
Advanced to the subsidiary disposed of	**31,324**	–	**–**	–
Deposit paid for prepaid land lease payment	**55,600**	–	**–**	–
Prepayment for acquisition of a subsidiary (note (ii))	**153,160**	–	**–**	–
Prepayment for acquisition of a non-controlling interest of a subsidiary	**90,000**	–	**90,000**	–
	330,084	–	**90,000**	–
	1,445,113	823,981	**91,024**	1,056

Notes:

(i) None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

(ii) On 11 December 2013, Hangzhou Outlets entered into an equity transfer agreement with Metro Land Corporation Ltd. ("Metro Land") to purchase 80% equity interests in a wholly-owned subsidiary of Metro Land, for a total cash consideration of RMB255,266,710. As at 31 December 2013, Hangzhou Outlets made the down payment of RMB153,160,026 and the acquisition had not been completed.

29. LOANS AND RECEIVABLES

Group

During the year, the Group granted interest-bearing loans to the following parties:

	2013 *RMB'000*	2012 *RMB'000*
Third parties		
Principal	**135,654**	337,000
Interest receivable	**290**	736
	135,944	337,736
Less: non-current portion	**(35,654)**	(100,000)
	100,290	237,736
Related parties		
Principal:		
Zhejiang Intime Electronic Commerce (note (ii))	**265,110**	195,110
Hangzhou Intime Shopping Centre Co., Ltd. ("Hangzhou Intime") (note (iii))	**150,000**	200,000
Zhongda Shengma (note (iv))	**550,538**	490,538
	965,648	885,648
Interest receivable:		
Zhejiang Intime Electronic Commerce (note (ii))	**22,451**	5,774
Hangzhou Intime (note (iii))	**687**	917
Zhongda Shengma (note (iv))	**2,487**	1,415
	25,625	8,106
	991,273	893,754
Less: non-current portion	**(696,648)**	(314,110)
	294,625	579,644

29. LOANS AND RECEIVABLES (CONTINUED)

Notes:

(i) During the year, the Group granted entrusted loans or other types of loans to certain third parties with principle amounts of RMB135,654,000 (2012: RMB337,000,000) which bear interest at rates ranging from 6.15% to 15% per annum with maturity periods of one to three years.

(ii) Pursuant to loan agreements between Zhejiang Intime Electronic Commerce and the Group, the Group provided interest-free shareholder's loans with a total amount of RMB132,110,000 (2012: RMB62,720,000) to Zhejiang Intime Electronic Commerce for a period of three years. The fair value of the loan was RMB121,110,000 (2012: RMB51,720,000) and the loan was affiliate with options provided to the Group to convert its amount of loans into the paid-in capital of Zhejiang Intime Electronic Commerce. The loan was guaranteed by the controlling shareholder of Zhejiang Intime Electronic Commerce.

Pursuant to loan agreements between Zhejiang Intime Electronic Commerce and the Group, the Group provided shareholder's loans with a total amount of RMB144,000,000 (2012: RMB143,390,000) to Zhejiang Intime Electronic Commerce with no fixed repayment terms for an annual fee at a rate of 12%.

(iii) Pursuant to a co-development agreement between Hangzhou Intime, Zhejiang Fuqiang Properties Co., Ltd. ("Zhejiang Fuqiang") and the Group, the Group provided loans to Hangzhou Intime with an amount of RMB300,000,000 for the construction and development of the department store property in the west of Hangzhou City with an annual fee of 15% and due on January 2013. Intime International provided guarantee to secure due performance of the obligations of Zhejiang Fuqiang and Hangzhou Intime under the co-development agreement. During 2012, Hangzhou Intime repaid the principal of RMB100,000,000 to the Group.

Pursuant to the supplemental agreement between Hangzhou Intime, Zhejiang Fuqiang and the Group on 15 July 2013, Zhejiang Fuqiang and Hangzhou Intime shall repay RMB50,000,000 in 2013 the remaining RMB150,000,000 in 2014. During the year, Hangzhou Intime repaid the principal of RMB50,000,000 to the Group. The remaining RMB150,000,000 were repaid subsequently in January 2014.

(iv) Pursuant to loan agreements between Zhongda Shengma and the Group, the Group provided loans to Zhongda Shengma with an amount of RMB550,538,000 (2012: RMB490,538,000) for a period of 24 months for the construction and development of the department store property at an annual interest rate of 10%.

30. TRADE RECEIVABLES

Group

	2013 RMB'000	2012 RMB'000
Trade receivables	44,628	51,840
Impairment	–	–
	44,628	51,840

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2013 RMB'000	2012 RMB'000
Within 1 month	38,871	36,801
1 to 2 months	1,905	12,438
2 to 3 months	18	2,186
Over 3 months	3,834	415
	44,628	51,840

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2013 RMB'000	2012 RMB'000
Neither past due nor impaired	40,794	51,425
Less than one month past due	3,834	415
	44,628	51,840

31. CASH IN TRANSIT

Group

	2013 RMB'000	2012 RMB'000
Cash in transit	**131,336**	407,455

The 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.

32. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES

		Group		Company	
	Note	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Cash and bank balances		**2,001,428**	2,297,560	**48,066**	6,105
Time deposits		**–**	23,858	**–**	–
		2,001,428	2,321,418	**48,066**	6,105
Less: Pledged time deposits	35(a)	**(67,000)**	(175,500)	**–**	–
Restricted bank balances		**(195,915)**	(28,538)	**–**	–
Cash and cash equivalents		**1,738,513**	2,117,380	**48,066**	6,105

32. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES (CONTINUED)

At 31 December 2013 and 2012, the cash at banks and on hand were denominated in the following currencies:

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
RMB	**1,969,881**	2,252,768	**31,366**	37
US$	**8,573**	20,117	**2,589**	–
HK$	**22,974**	48,496	**14,111**	6,068
SG$	**–**	37	**–**	–
	2,001,428	2,321,418	**48,066**	6,105

At the end of the reporting period, the cash and bank balances of the Group denominated in US$ and HK$ amounted to RMB8,573,000 and RMB22,974,000 (2012: RMB20,117,000, and RMB48,496,000), respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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.

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place in designated bank accounts certain amounts of pre-sale proceeds of properties as guarantee deposits for the construction of the related properties. The deposits can only be used for purchases of construction materials and payments of the construction fees of the relevant property projects when approval from the relevant local government authorities is obtained. As at 31 December 2013, such guarantee deposits amounted to approximately RMB153,352,000 (2012: nil).

33. TRADE AND BILLS PAYABLES

Group

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:

	2013 *RMB'000*	2012 *RMB'000*
Within 1 month	**1,283,389**	1,568,342
1 to 2 months	**386,280**	679,842
2 to 3 months	**93,141**	100,469
over 3 months	**19,338**	27,557
	1,782,148	2,376,210

Trade and bills payables as at the end of each reporting period were denominated in RMB.

34. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Current:				
Payables for purchase of property, plant and equipment and properties under development	**526,379**	421,027	**–**	–
Advances from customers	**1,605,261**	1,543,917	**–**	–
Advances from pre-sale of properties under development	**1,317,667**	275,274	**–**	–
Advances from a non-controlling shareholder of a subsidiary	**–**	67,000	**–**	–
Advances from third parties (note(i))	**123,376**	101,471	**–**	–
Other liabilities to local government	**–**	21,446	**–**	–
Other tax payables	**247,979**	254,332	**–**	70
Bonus and welfare payables	**134,944**	111,123	**–**	–
Deposits received from suppliers/concessionaires	**232,720**	161,260	**–**	–
Accruals	**299,436**	314,511	**–**	–
Accrued interest	**29,019**	21,442	**26,474**	21,442
Deferred revenue	**43,326**	27,533	**–**	–
Deferred government subsidy	**3,012**	3,277	**–**	–
Advance from disposal of a subsidiary	**72,498**	102,000	**–**	–
Others	**81,554**	100,338	**75**	–
	4,717,171	3,525,951	**26,549**	21,512
Non-current:				
Advances from disposal of subsidiaries	**288,786**	–	**288,786**	–
	5,005,957	3,525,951	**315,335**	21,512

Note:

(i) The advances from third parties are interest-free and have no fixed repayment terms.

35. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	2013			2012		
	Effective/ contractual interest rate (%)	Maturity	*RMB'000*	Effective/ contractual interest rate (%)	Maturity	*RMB'000*
Current:						
Bank loans – unsecured	2.283-6.888	2014	250,449	5.88-7.84	2013	339,000
Bank loans – secured (a)	1.600-7.500	2014	1,043,751	2.399-6.941	2013	596,551
Current portion of long term bank loans – secured (a)	5.895-7.315	2014	385,000	6.65-7.755	2013	190,000
Current portion of long term bank loans – unsecured	2.55-6.15	2014	5,000	6.650	2013	25,000
Secured other loans (a)	7.380	2014	25,000	–	–	–
			1,709,200			1,150,551
Convertible bonds (note 36)	–	–	–	Weighted average of 5.13	2013	1,645,123
Guaranteed bonds due July 2014 (note 37)	Weighted average of 4.93	2014	998,374	–	–	–
			2,707,574			2,795,674
Non-current:						
Secured bank loans (a)	6.15-7.59	2015-2018	820,000	6.65-7.98	2014-2018	702,000
Unsecured bank loans	5.843	2015-2016	50,000	6.12-7.04	2014-2015	110,000
Secured other loans (a)	–	–	–	7.98	2014	200,000
Syndicated loan	LIBOR plus 230 basis points for US$ borrowings and HIBOR plus 230 basis points for HK$ borrowings	2015-2016	2,174,942	–	–	–
Guaranteed bonds due July 2014 (note 37)	–	–	–	Weighted average of 4.93	2014	996,764
			3,044,942			2,008,764
			5,752,516			4,804,438

35. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

	2013	2012
	RMB'000	*RMB'000*
Analysed into:		
Within one year or on demand	**2,707,574**	2,795,674
In the second year	**844,988**	1,536,764
In the third to fifth years, inclusive	**2,199,954**	472,000
	5,752,516	4,804,438

Notes:

(a) Secured bank and other loans of RMB2,273,751,000 as at 31 December 2013 were secured by certain of the Group's buildings, investment properties, prepaid land lease payments, properties under development and time deposits, the total carrying amount of which at 31 December 2013 was RMB4,054,479,000 (2012: RMB2,125,378,000) (notes 15, 16, 17, 18 and 32).

(b) The Group has the following undrawn banking facilities:

	2013	2012
	RMB'000	*RMB'000*
At floating rate:		
Expiring within 1 year	**105,363**	65,000
Expiring within 2 to 4 years, inclusive	**1,792,283**	1,659,499
Expiring after 5 years	**1,604,500**	367,500
	3,502,146	2,091,999

The Group's banking facilities were secured by certain buildings (note 15), investment properties (note 16), prepaid land lease payments (note 17), properties under development (note 18) and time deposits (note 32).

35. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

Company

	2013			2012		
	Effective interest rate (%)	Maturity	*RMB'000*	Effective interest rate (%)	Maturity	*RMB'000*
Current:						
Convertible bonds (note 36)	–	–	–	Weighted average of 5.13	2013	1,645,123
Guaranteed bonds due July 2014 (note 37)	Weighted average of 4.93	2014	998,374	–	–	–
Non-current:						
Syndicated loan (a)	LIBOR plus 230 basis points for US$ borrowings and HIBOR plus 230 basis points for HK$ borrowings	2015-2016	2,174,942	–	–	–
Guaranteed bonds due July 2014 (note 37)	–	–	–	Weighted average of 4.93	2014	996,764

(a) The syndicated loan was guaranteed by certain subsidiaries of the Group.

36. CONVERTIBLE BONDS

On 27 October 2010, the Company issued 1.75% convertible bonds with a nominal value of HK$1,941,000,000. The bonds are convertible at an option of the bondholders into ordinary shares on or after 7 December 2010 up to 20 October 2013 at a conversion price of HK$13.31 per share. The bonds are redeemable at the option of the bondholders at 100% of its principal amount together with interest accrued and unpaid to such date on 20 October 2013. The bonds are redeemable at the option of the Company at any time prior to 20 October 2013 in whole, but not in part, of the convertible bonds for the time being outstanding at their principal amount together with interest accrued to the date fixed for redemption provided that prior to the date of notice of such redemption at least 90% in principal amount of the convertible bonds originally issued has already been converted, redeemed or purchased and cancelled. The bonds carry interest at a rate of 1.75% per annum, which is payable half-yearly in arrears on 27 April and 27 October.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

The convertible bonds issued during the year have been split as to the liability and equity components as follows:

	2013 *RMB'000*	2012 *RMB'000*
Nominal value of convertible bonds issued during year 2010	**1,673,685**	1,673,685
Equity component	**(23,607)**	(23,607)
Direct transaction costs attributable to the liability component	**(25,105)**	(25,105)
	1,624,973	1,624,973
Liability component at the issuance date	**1,624,973**	1,624,973
Interest expense	**240,691**	174,999
Exchange realignment	**(126,373)**	(99,251)
Interest paid	**(81,855)**	(55,598)
Gain on early redemption	**(111)**	–
Redemption (i)	**(1,657,325)**	–
Liability component at 31 December (note 35)	**–**	1,645,123

36. CONVERTIBLE BONDS (CONTINUED)

(i) On 16 July 2013, the Company early redeemed convertible bonds with an aggregate principal amount of HK$150,000,000 with considerations of HK$159,750,000. On 24 October 2013, the Company redeemed all of the remaining the outstanding convertible bonds at maturity with an aggregate principal amount of HK$1,791,000,000 with considerations of HK$1,918,107,270. The bonds redeemed were cancelled.

37. GUARANTEED BONDS DUE JULY 2014

	2013	2012
	RMB'000	*RMB'000*
Guaranteed bonds due July 2014, listed		
Current	**998,374**	–
Non-current	**–**	996,764

On 19 July 2011, the Company issued the guaranteed bonds due July 2014 ("GB2014") in an aggregate principal amount of RMB1,000,000,000. The guaranteed bonds due July 2014 were admitted to the Official List of the Hong Kong Exchange Securities Trading Limited. The GB2014 are due on 19 July 2014 and bear interest at a rate of 4.65% per annum. Interest is payable semi-annually in arrears on 19 January and 19 July of each year, commencing on 19 January 2012.

The obligations of the Company under the GB2014 are guaranteed by certain subsidiaries of the Group.

38. SHARE CAPITAL

	Authorised		
	Number of shares	*US$*	*RMB*
At 31 December 2013 and 2012	5,000,000,000	50,000	393,500

	Issued and fully paid up		
	Number of shares	*US$*	*RMB'000*
As at 31 December 2012	1,993,462,988	19,934	153
Share options exercised	9,585,000	96	1
As at 31 December 2012 and 1 January 2013	2,003,047,988	20,030	154
Share options exercised (i)	17,084,000	171	1
Repurchase of shares (ii)	(14,000,000)	(140)	(1)
As at 31 December 2013	2,006,131,988	20,061	154

During the year, the movements in share capital were as follows:

(i) The subscription rights attaching to 17,084,000 share options were exercised at subscription prices of HK$3.56, HK$5.64 HK$1.88, HK$6.63, HK$5.50, HK$6.49, HK$9.00, HK$7.56, HK$10.77 per share (note 40), resulting in the issue of 17,084,000 shares of US$0.00001 each for a total cash consideration, before expenses, of HK$88,360,405 (RMB70,826,800 equivalent). An amount of RMB21,910,000 was transferred from the share option reserve to the share premium account upon the exercise of the share options.

(ii) The Company repurchased on the Stock Exchange a total of 14,000,000 shares of US$0.00001 each of the Company for an aggregate consideration of HK$100,860,000 (RMB80,298,000 equivalent). The repurchased shares were cancelled on 8 July 2013 and 22 July 2013.

38. SHARE CAPITAL (CONTINUED)

A summary of the transactions during the year with reference to the above movements in the Company's issued share capital is as follows:

	Number of shares	Issued capital *US$*	Share premium *RMB'000*
At 1 January 2012	1,993,462,988	19,934	4,243,253
Share options exercised	9,585,000	96	48,769
At 31 December 2012 and 1 January 2013	2,003,047,988	20,030	4,292,022
Share options exercised	17,084,000	171	92,736
Repurchase of shares	(14,000,000)	(140)	(80,298)
Interim 2013 dividend	–	–	(200,261)
Proposed final 2013 dividend	–	–	(220,675)
At 31 December 2013	2,006,131,988	20,061	3,883,524

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 40 to the financial statements.

39. RESERVES

Group

(i) Discretionary reserve fund

Pursuant to the articles of association of certain subsidiaries of the Group established in the PRC, these subsidiaries are required to transfer part of their profit after taxation to the discretionary reserve. The amounts allocated to this reserve are determined by the respective boards of directors.

For the PRC subsidiaries, in accordance with the Company Law of the People's Republic of China (revised), the discretionary reserve fund can be used to offset previous years' losses, if any, and may be converted into capital in proportion to the equity shareholders' existing equity holdings, provided that the balance after the conversion is not less than 25% of the registered capital.

(ii) Statutory reserves

Pursuant to the relevant PRC rules and regulations, those PRC subsidiaries which are domestic enterprises in the PRC as mentioned in note 22 to the financial statements are required to transfer no less than 10% of their profit after taxation, as determined under PRC accounting regulations, to the statutory reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before the distribution of dividends to shareholders.

(iii) Exchange fluctuation reserve

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

39. RESERVES (CONTINUED)

Company

	Share premium RMB'000	Equity component of convertible bonds RMB'000	Capital redemption reserve RMB'000	Capital reserve RMB'000	Contributed surplus RMB'000	Retained profits/ (accumulated losses) RMB'000	Exchange fluctuation reserve RMB'000	Share option reserve RMB'000	Total RMB'000
At 31 December 2011	4,243,253	23,607	4	–	908,303	25,784	(26,884)	55,700	5,229,767
Total comprehensive income for the year	–	–	–	–	–	355,090	57,957	–	413,047
Equity-settled share option arrangements (note 40)	–	–	–	–	–	–	–	28,366	28,366
Transfer of share option reserve upon the forfeiture or expiry of share options	–	–	–	–	–	6,550	–	(6,550)	–
Dividend on shares issued for employee share options exercised after 31 December 2011	–	–	–	–	–	(405)	–	–	(405)
Exercise of share options	48,769	–	–	–	–	–	–	(12,145)	36,624
Interim 2012 dividend	–	–	–	–	–	(199,749)	–	–	(199,749)
Proposed final 2012 dividend	–	–	–	–	–	(180,274)	–	–	(180,274)
At 31 December 2012	4,292,022	23,607	4	–	908,303	6,996	31,073	65,371	5,327,376
Total comprehensive income for the year	–	–	–	–	–	(215,515)	92,240	–	(123,275)
Equity-settled share option arrangements (note 40)	–	–	–	–	–	–	–	25,784	25,784
Transfer of share option reserve upon the forfeiture or expiry of share options	–	–	–	–	–	1,336	–	(1,336)	–
Repurchase of shares	(80,298)	–	1	–	–	–	–	–	(80,297)
Dividend on shares issued for employee share options exercised after 31 December 2012	–	–	–	–	–	(2,456)	–	–	(2,456)
Exercise of share options	92,736	–	–	–	–	–	–	(21,910)	70,826
Convertible bonds redeemed	–	(23,607)	–	23,607	–	–	–	–	–
Interim 2013 dividend	(200,261)	–	–	–	–	–	–	–	(200,261)
Proposed final 2013 dividend	(220,675)	–	–	–	–	–	–	–	(220,675)
At 31 December 2013	3,883,524	–	5	23,607	908,303	(209,639)	123,313	67,909	4,797,022

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

40. SHARE OPTION SCHEME

The share option scheme (the "Scheme") was approved pursuant to a resolution passed by the Company's shareholders at an extraordinary general meeting held on 24 February 2007. According to this share option scheme, the directors may invite the Group's employees, senior management, directors and other eligible participants to take up share options of the Company. The amount payable for each share to be subscribed for under an option upon exercise shall be determined and will be determined according to the highest of (i) the average official closing price of the shares on the Stock Exchange for the five trading days immediately preceding the relevant offer date, (ii) the official closing price of the shares on the Stock Exchange on the relevant offer date and (iii) the nominal value of the shares. Options granted become vested after a 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 of directors at the time of grant.

The maximum number of shares in respect of which options may be granted under the share option scheme when aggregated with the maximum number of shares in respect of which options over shares or other securities may be granted by the Group under any other scheme shall not exceed 10% of the issued share capital as at the date of listing of the shares of the Company (representing 180,000,000 shares). Options lapsed in accordance with the terms of the option scheme shall not be counted for the purpose of calculating the 10% limit. Any further grant of share options in excess of this limit is subject to the approval of the Company's shareholders.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

40. SHARE OPTION SCHEME (CONTINUED)

The following share options were outstanding under the Scheme during the year:

	2013		2012	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	HK$ per share	*'000*	*HK$ per share*	*'000*
At 1 January	**7.23**	**72,308**	6.84	67,284
Granted during the year	**9.27**	**7,698**	7.56	19,420
Forfeited during the year	**8.77**	**(1,281)**	8.08	(4,811)
Exercised during the year	**5.17**	**(17,084)**	4.71	(9,585)
Expired during the year	**–**	**–**	–	–
At 31 December	**8.02**	**61,641**	7.23	72,308

The weighted average share price at the date of exercise for share options exercised during the year was HK$9.69 per share (2012: HK$9.13 per share).

40. SHARE OPTION SCHEME (CONTINUED)

The exercise prices and exercise periods of the share options outstanding as at the reporting date are as follows:

2013

Number of options '000	Exercise price HK$ per share	Exercise period
1,200	**3.56**	**19 September 2009 to 18 September 2014**
1,215	**5.64**	**12 April 2009 to 11 April 2014**
3,245	**1.88**	**5 March 2010 to 4 March 2015**
4,500	**6.63**	**29 August 2010 to 28 August 2015**
500	**5.50**	**21 October 2010 to 20 October 2015**
9,474	**6.49**	**27 May 2011 to 26 May 2016**
1,200	**9.00**	**27 August 2011 to 26 August 2016**
15,213	**10.77**	**2 April 2012 to 1 April 2017**
17,640	**7.56**	**23 June 2013 to 22 June 2018**
7,454	**9.27**	**11 April 2014 to 10 April 2019**
61,641		

2012

Number of options '000	Exercise price HK$ per share	Exercise period
2,827	3.56	19 September 2009 to 18 September 2014
3,460	5.64	12 April 2009 to 11 April 2014
7,079	1.88	5 March 2010 to 4 March 2015
6,750	6.63	29 August 2010 to 28 August 2015
750	5.50	21 October 2010 to 20 October 2015
15,402	6.49	27 May 2011 to 26 May 2016
1,600	9.00	27 August 2011 to 26 August 2016
15,622	10.77	2 April 2012 to 1 April 2017
18,818	7.56	23 June 2013 to 22 June 2018
72,308		

40. SHARE OPTION SCHEME (CONTINUED)

The fair value of the options granted during the year was approximately RMB17,017,000 (2012: RMB32,398,000), of which the Group recognised a share option expense of RMB4,889,000 (2012: RMB6,609,000) during the year ended 31 December 2013. The Group recognised a total share option expense of RMB25,784,000 (2012: RMB28,366,000) for the year ended 31 December 2013 (note 6).

The fair value of equity-settled share options granted during the year was estimated as at the date of grant using a binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2013	2012
Dividend yield (%)	**2.54%**	2.91%
Expected volatility (%)	**44.51% – 48.20%**	45.59% – 49.45%
Risk-free interest rate (%)	**0.201% – 0.535%**	0.252% – 0.572%
Expected life of options (year)	**3-6**	3-6
Weighted average exercise price (HK$)	**9.27**	7.56

The volatility measured at the standard deviation of expected share price returns is based on statistical analyses of comparable listed companies in the same industry.

In September 2008, the Company cancelled certain options previously granted to certain senior management with an exercise price significantly higher than the current fair market value, and concurrently re-granted the same number of options at the current fair market value. The vesting of the replacement option started from the date of re-grant, and all other terms remain the same as the original option. The cancellation and re-grant are intended to provide incentives for these senior management. In accordance with HKFRS 2 *Share-based Payment*, cancellation of an award accompanied by the concurrent grant of a replacement award shall be accounted for as a modification of the terms of the cancelled award. Therefore, incremental compensation cost shall be measured as the excess of the fair value of the replacement award over the fair value of the cancelled award at the cancellation date.

The total compensation cost measured at the date of cancellation and replacement shall be the portion of the grant-date fair value of the original award for which the requisite service is expected to be rendered (or has already been rendered) at that date plus the incremental cost resulting from the cancellation and replacement. The Company will continue to recognise an expense for the original grant date fair value of the modified award over its original vesting period and recognise an expense for the incremental cost over its modified vesting period.

40. SHARE OPTION SCHEME (CONTINUED)

The 17,084,000 share options exercised during the year resulted in the issue of 17,084,000 ordinary shares of the Company and new share capital of RMB1,000 and share premium of RMB92,736,000 (before issue expenses), as further detailed in note 38 to the financial statements.

At the end of the reporting period, the Company had 61,641,500 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 61,641,500 additional ordinary shares of the Company and additional share capital of approximately RMB3,758 and share premium of approximately RMB383,989,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 60,698,500 share options outstanding under the Scheme, which represented approximately 3.02% of the Company's shares in issue as at that date.

41. DISPOSAL OF SUBSIDIARIES

	Note	2013 *RMB'000*
Net assets disposed of:		
Property, plant and equipment		50,787
Property under development		830,404
Prepaid land lease payments		87,711
Loans and receivables – third parties		37,900
Deposits, prepayments and other receivables		119,529
Cash and cash equivalents		45,159
Other payables and accruals		(1,234,803)
Deferred tax liabilities		(14,312)
		(77,625)
Gain on disposal of subsidiaries	5	341,379
Satisfied by cash		263,754

41. DISPOSAL OF SUBSIDIARIES (CONTINUED)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2013
	RMB'000
Cash consideration received	**161,754**
Cash and cash equivalents disposed of	**(45,159)**
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**116,595**

42. CONTINGENT LIABILITIES

(1) The Group provided guarantees in respect of the mortgage facilities granted by certain banks to the purchasers of the Group's pre-sale properties amounting to RMB342,541,000 (2012: RMB318,957,000). 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 material losses during the year in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's 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.

42. CONTINGENT LIABILITIES (CONTINUED)

(2) At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	Group	
	2013	2012
	RMB'000	*RMB'000*
Guarantees given to banks in connection with facilities granted to associates	**648,000**	94,600
Guarantees given to banks and other financial institutions in connection with borrowings to a joint venture	**722,500**	652,500

43. PLEDGE OF ASSETS

Details of the Group's bank loans and facilities, which are secured by the assets of the Group, are included in notes 15, 16, 17, 18 and 32.

44. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 16) and subleases its leased assets under operating lease arrangements for terms ranging from one to twenty 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 31 December 2013, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2013	2012
	RMB'000	*RMB'000*
Within one year	**277,604**	258,680
In the second to fifth years, inclusive	**805,550**	817,394
After five years	**617,957**	787,600
	1,701,111	1,863,674

44. OPERATING LEASE ARRANGEMENTS (CONTINUED)

(a) As lessor (continued)

The amounts above include future minimum sublease payments expected to be received under non-cancellable subleases amounting to RMB486,491,000 (2012: RMB859,654,000) as at 31 December 2013.

(b) As lessee

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

At 31 December 2013, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2013	2012
	RMB'000	*RMB'000*
Within one year	**533,636**	363,667
In the second to fifth years, inclusive	**2,738,850**	1,819,001
After five years	**8,914,718**	5,335,090
	12,187,204	7,517,758

45. COMMITMENTS

In addition to the operating lease commitments detailed in note 44(b) above, the Group had the following capital commitments at the reporting date:

	2013	2012
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Land and buildings	**1,324,331**	1,609,397
Leasehold improvements	**168,738**	33,832
	1,493,069	1,643,229
Authorised, but not contracted for:		
Land and buildings	**330,808**	359,246
Leasehold improvements	**57,618**	183,665
	388,426	542,911
	1,881,495	2,186,140

In addition, the Group's share of the joint venture's own capital commitments, which are not included in the above, is as follows:

	2013	2012
	RMB'000	*RMB'000*
Contracted, but not provided for	**88,646**	57,428
Authorised, but not contracted for	**–**	75,000
	88,646	132,428

46. 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 Property Co., Ltd. ("Beijing Yintai")	Controlled by Mr. Shen Guojun
China Yintai Holdings Co., Ltd. ("China Yintai")	Controlled by Mr. Shen Guojun
Beijing Guojun Investment Co., Ltd. ("Beijing Guojun")	Controlled by Mr. Shen Guojun
Metro Land	24.83% of its shares were held by China Yintai
Zhongda Shengma	Associate of the Group
Anhui Hualun	Associate of the Group
Zhejiang Intime Electronic Commerce	Associate of the Group
Xi'an Qujiang Intime	Associate of the Group before 30 November 2012
Beijing Youyi Lufthansa	Associate of the Group
Bozhou Hualun	Associate of the Group
Xin Hubin	Joint venture
Beijing Intime Lotte Department Store Co., Ltd. ("Intime Lotte")	Joint venture of China Yintai
Hangzhou Hubin International Commercial Development Co., Ltd. ("Hangzhou Hubin International")	Joint venture 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	Subsidiary of China Yintai
Zhejiang Fuqiang	Subsidiary of China Yintai
Beijing New Yansha Holding (Group) Co., Ltd. ("Beijing New Yansha")	Controlling shareholder of an associate
Fenghua Yintai Properties Co., Ltd. ("Fenghua Yintai")	49% of the voting rights are controlled by Mr. Shen Guojun
Huzhou Jialefu Mall Co., Ltd. ("Huzhou Jialefu")	50% of the voting rights are controlled by Mr. Shen Guojun

46. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties

The following transactions were carried out with related parties:

	2013 *RMB'000*	2012 *RMB'000*
Rental expense and management fee expenses:		
Beijing Yintai	–	3,280
Metro Land	2,316	32,282
Xi'an Qujiang Intime	–	14,024
Beijing Metro Land Property (note (i))	44,508	–
Huzhou Jialefu (note (ii))	8,396	–
	55,220	49,586
Advances to related parties:		
Anhui Hualun	–	86,860
Xin Hubin (note (iii))	100,612	15,000
Bozhou Hualun (note (iv))	72,500	116,638
	173,112	218,498
Repayment of advances from related parties:		
Xin Hubin	–	51,620
Anhui Hualun	27,477	–
	27,477	51,620
Loans and receivables made to related parties:		
Zhejiang Intime Electronic Commerce	70,000	143,390
Zhongda Shengma	60,000	119,000
	130,000	262,390
Repayment of loans and receivables from related parties:		
China Yintai	–	106,664
Hangzhou Intime	80,563	139,167
Zhongda Shengma	49,718	86,631
	130,281	332,462
Management fees from related parties:		
Beijing New Yansha	5,087	6,080

46. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties (continued)

	2013 RMB'000	2012 RMB'000
Interest income from related parties:		
China Yintai	–	3,297
Xin Hubin	**18,753**	18,494
Hangzhou Intime	**30,333**	38,708
Zhongda Shengma	**50,790**	46,859
Zhejiang Intime Electronic Commerce	**16,677**	5,774
Anhui Hualun	**21,955**	20,612
Bozhou Hualun	**10,849**	4,960
	149,357	138,704
Customer payments to/(receipts from) related parties by the Group's prepaid cards (netting off the payments made by related parties' prepaid cards used):		
Zhejiang Intime Electronic Commerce	**1,562**	13,502
Intime Lotte	**(1,192)**	23,244
Xin Hubin	**(530)**	–
Hangzhou Hubin International	**61,189**	7,302
	61,029	44,048
Payments of rental deposits:		
Hangzhou Intime	**5,000**	–
Metro Land	**700**	–
Fenghua Yintai	**5,000**	–
Huzhou Jialefu	**2,500**	–
	13,200	–
Sales of goods to a related party:		
Zhejiang Intime Electronic Commerce (note (v))	**214,580**	122,423
Purchase of property and equipment:		
Metro Land	–	658,000
Guarantees provided by a related party:		
Intime International (note 29 (iii))	**150,687**	200,917
Guarantees provided to related parties:		
Zhongda Shengma (note (vi))	**264,000**	264,000
Anhui Hualun (note (vii))	**600,000**	–
Xin Hubin (note (viii))	**722,500**	652,500
	1,586,500	916,500

46. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties (continued)

Notes:

(i) Pursuant to an agreement between Beijing Metro Land Property and Zhejiang Intime, Zhejiang Intime leased a building for its operation for a period from 18 January 2010 to 31 January 2032.

(ii) Pursuant to an agreement between Huzhou Jialefu and Zhejiang Intime Investment, Zhejiang Intime Investment leased a building for its operation for a period from 28 June 2013 to 27 June 2033.

(iii) The Group provided Xin Hubin advances amounting to RMB100,612,000 (2012: RMB15,000,000) at one-year benchmark interest rate with no fixed repayment term.

(iv) Anhui Huaqiao Hotel provided advances amounting to RMB72,500,000 (2012: RMB116,638,000) to Bozhou Hualun at one-year benchmark interest rate with no fixed repayment term.

(v) In 2013, the Group sold goods to Zhejiang Intime Electronic Commerce for overseas procurements.

(vi) Pursuant to a guarantee agreement among Zhejiang Intime, Zhongda Shengma and a bank, Zhejiang Intime provided a guarantee to Zhongda Shengma with the amount of RMB264,000,000 for a period from 17 September 2012 to 17 September 2015. As at 31 December 2013, the banking facilities granted to Zhongda Shengma guaranteed by the Group were utilised to the extent of approximately RMB198,000,000 (2012: RMB94,600,000).

(vii) Pursuant to a guarantee agreement among Anhui Huaqiao Hotel, Anhui Hualun and a bank, Anhui Huaqiao Hotel provided a guarantee to Anhui Hualun with the amount of RMB600,000,000 for a period from 20 June 2013 to 20 June 2028. As at 31 December 2013, the banking facilities granted to Anhui Hualun guaranteed by the Group were utilised to the extent of approximately RMB450,000,000 (2012: nil).

(viii) Pursuant to guarantee agreements among Zhejiang Intime, Xin Hubin and certain financial institutions, Zhejiang Intime provided guarantees to Xin Hubin's borrowings with the amount of RMB722,500,000 (2012: RMB652,500,000).

46. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Due from related parties

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

	2013 *RMB'000*	2012 *RMB'000*
Due from related parties:		
Metro Land	720	20
Xin Hubin	395,793	276,985
Ningbo Hualian Property	70	70
Ningbo Yintai Property Management	–	3,400
Beijing Metro Land Property	6,000	6,000
Beijing Yintai	–	1,816
Anhui Hualun	387,677	393,199
Zhejiang Intime Electronic Commerce	281,646	90,074
Beijing New Yansha	5,087	5,431
Bozhou Hualun	204,947	121,598
Hangzhou Intime	5,000	–
Fenghua Yintai	5,000	–
Huzhou Jialefu	2,500	–
	1,294,440	898,593

The amounts due from Zhejiang Intime Electronic Commerce are mainly denominated in HK$, which are unsecured, interest-free and repayable on demand.

The amounts due from Xin Hubin, Anhui Hualun and Bozhou Hualun are denominated in RMB, unsecured, bear interest at the one-year benchmark interest rate and have no fixed repayment term.

The remaining amounts due from related parties are denominated in RMB, unsecured, interest-free and repayable on demand.

46. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Loans and interest receivable from related parties

	2013 RMB'000	2012 RMB'000
Hangzhou Intime (note 29)	**150,687**	200,917
Zhejiang Intime Electronic Commerce (note 29)	**287,561**	200,884
Zhongda Shengma (note 29)	**553,025**	491,953
	991,273	893,754

(e) Due to related parties

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

	2013 RMB'000	2012 RMB'000
Due to related parties:		
Huzhou Jialefu (note (b)(ii))	**1,446**	–
Metro Land	**–**	588,000
Zhejiang Intime Electronic Commerce	**–**	2,587
Intime Lotte	**679**	2,920
Hangzhou Hubin International	**12,058**	6,323
	14,183	599,830

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

46. RELATED PARTY TRANSACTIONS (CONTINUED)

(f) Commitments with related parties

(i) Pursuant to an agreement between Zhejiang Intime Investment and Fenghua Yintai signed on 21 September 2012, Zhejiang Intime Investment leased certain floors of a building from Fenghua Yintai for its operation for 20 years. Zhejiang Intime Investment was given a rent-free period of three years commencing from the delivery of the property. The annual rental for the remaining years will be calculated as 5% of the net revenue of Fenghua Intime.

(ii) Pursuant to an agreement between Intime Sanjiang and Hangzhou Intime signed on 15 July 2013, Intime Sanjiang leased certain floors of a building from Hangzhou Intime for its operation for 20 years. Intime Sanjiang was given a rent-free period of two years commencing from the delivery of the property. The annual rental for the remaining years will be calculated as 5% of the net revenue of Intime Sanjiang.

(iii) Pursuant to an agreement between Zhejiang Intime Investment and Huzhou Jialefu signed on 25 February 2013, Zhejiang Intime Investment leased certain floors of a building from Huzhou Jialefu for its operation for 20 years. Zhejiang Intime Investment was given a rent-free period of three months commencing from the delivery of the property. The Group expects total minimum lease payment to be approximately RMB664,179,000 from 1 January 2014 to 27 June 2033.

(g) Key management compensation

	2013 ***RMB'000***	2012 *RMB'000*
Salaries, allowances and other benefits	**5,270**	4,044
Discretionary bonuses	**2,895**	5,079
Contributions to a retirement plan	**568**	502
Equity-settled share option expense	**7,727**	11,974
	16,460	21,599

46. RELATED PARTY TRANSACTIONS (CONTINUED)

(g) Key management compensation (continued)

The emoluments of the senior management fell within the following bands:

	Number of employees	
	2013	2012
HK$500,001 to HK$ 1,000,000	**3**	1
HK$1,000,001 to HK$ 1,500,000	**2**	2
HK$1,500,001 to HK$ 2,000,000	**1**	–
HK$3,000,001 to HK$ 3,500,000	**1**	2
HK$3,500,001 to HK$ 4,000,000	**1**	1
HK$4,000,001 to HK$ 4,500,000	**–**	1
HK$8,000,001 to HK$ 8,500,000	**1**	–
HK$9,000,001 to HK$ 9,500,000	**–**	1
	9	8

Further details of directors' and the chief executive's emoluments are included in note 9 to the financial statements.

47. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each category of financial instruments as at the reporting date are as follows:

Group

2013

Financial assets

	Loans and receivables *RMB'000*	Held-to-maturity investments *RMB'000*	Total *RMB'000*
Held-to-maturity investments	–	12,000	12,000
Financial assets included in prepayments, deposits and other receivables	931,749	–	931,749
Trade receivables	44,628	–	44,628
Loans and receivables	1,127,217	–	1,127,217
Due from related parties	1,294,440	–	1,294,440
Cash in transit	131,336	–	131,336
Pledged deposits	67,000	–	67,000
Restricted bank balances	195,915	–	195,915
Cash and cash equivalents	1,738,513	–	1,738,513
	5,530,798	12,000	5,542,798

2013

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
Trade and bills payables	1,782,148
Financial liabilities included in other payables and accruals	1,127,992
Due to related parties	14,183
Interest-bearing bank and other borrowings	4,754,142
Guaranteed bonds due July 2014	998,374
	8,676,839

47. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The carrying amounts of each category of financial instruments as at the reporting date are as follows: (continued)

Group (continued)

2012
Financial assets

	Loans and receivables *RMB'000*	Available-for-sale investments *RMB'000*	Total *RMB'000*
Available-for-sale investments	–	24,466	24,466
Financial assets included in prepayments, deposits and other receivables	637,744	–	637,744
Trade receivables	51,840	–	51,840
Loans and receivables	1,231,490	–	1,231,490
Due from related parties	898,593	–	898,593
Cash in transit	407,455	–	407,455
Pledged deposits	175,500	–	175,500
Restricted bank balances	28,538	–	28,538
Cash and cash equivalents	2,117,380	–	2,117,380
	5,548,540	24,466	5,573,006

2012
Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
Trade and bills payables	2,376,210
Financial liabilities included in other payables and accruals	1,036,424
Due to related parties	599,830
Interest-bearing bank and other borrowings	2,162,551
Convertible bonds	1,645,123
Guaranteed bonds due July 2014	996,764
	8,816,902

47. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The carrying amounts of each category of financial instruments as at the reporting date are as follows: (continued)

Company

2013

Financial assets

	Loans and receivables *RMB'000*
Financial assets included in prepayments, deposits and other receivables	1,024
Due from subsidiaries	6,990,784
Cash and cash equivalents	48,066
	7,039,874

2013

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
Financial liabilities included in other payables and accruals	26,549
Due to subsidiaries	117,699
Guaranteed bonds due July 2014	998,374
Interest-bearing bank and other borrowings	2,174,942
	3,317,564

47. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The carrying amounts of each category of financial instruments as at the reporting date are as follows: (continued)

Company (continued)

2012

Financial assets

	Loans and receivables *RMB'000*
Financial assets included in prepayments, deposits and other receivables	1,056
Due from subsidiaries	7,066,107
Cash and cash equivalents	6,105
	7,073,268

2012

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
Financial liabilities included in other payables and accruals	21,512
Due to subsidiaries	88,023
Convertible bonds	1,645,123
Guaranteed bonds due July 2014	996,764
	2,751,422

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Group

	Carrying amounts		Fair values	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Financial assets				
Available-for-sale investments	–	24,466	–	24,466

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted bank balances, cash in transit, due from related parties, loans and receivables, trade receivables, financial assets included in prepayments, deposits and other receivables, interest bearing bank and other borrowings, amounts due to related parties, financial liabilities included in other payables and accruals and trade and bills payables approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the audit committee. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the loans to third parties and related parties, interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair value of the guaranteed bonds due July 2014 is estimated using an equivalent market interest rate for a similar bond.

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

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

Group

	As at 31 December 2013 Quoted prices in active markets Level 1 *RMB'000*	As at 31 December 2012 Quoted prices in active markets Level 1 *RMB'000*
Available-for-sale investments:		
Equity investments	**–**	24,466

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank loans and cash. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The policies for managing each of these risks are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the financial statements.

Interest rate risk

The Group has no significant interest-bearing assets other than cash at banks (note 32) and loans and receivables (note 29).

The Group's interest rate risk arises from its borrowings, details of which are set out in note 35. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk.

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's profit before tax (through the impact of floating rate borrowings) during the year.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk (continued)

Group	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax *RMB'000*
31 December 2013		
RMB	100	(9,950)
RMB	(100)	9,950
US$	50	(8,127)
US$	(50)	8,127
HK$	50	(2,948)
HK$	(50)	2,948
31 December 2012		
RMB	100	(13,400)
RMB	(100)	13,400

Foreign currency risk

During the years ended 31 December 2013 and 31 December 2012, the Group had cash at banks denominated in foreign currencies, and was exposed to foreign exchange risk arising from various currency exposures, primarily with respect to HK$. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Details of the Group's guaranteed bonds due July 2014 and cash and cash equivalents denominated in foreign currencies as at 31 December 2013 and 2012 are disclosed in note 37 and note 32.

The Group has not used any forward contracts, currency borrowings or other means to hedge its foreign currency exposure.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in HK$ exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk (continued)

Group	Increase/ (decrease) in foreign exchange rate	Increase/ (decrease) in profit before tax
	%	*RMB'000*
2013		
If the Hong Kong dollars weakens against the RMB	2	(224)
If the Hong Kong dollars strengthens against the RMB	(2)	224
2012		
If the Hong Kong dollars weakens against the RMB	2	(10,670)
If the Hong Kong dollars strengthens against the RMB	(2)	10,670

Credit risk

The Group has no significant concentrations of credit risk of trade receivables. Sales to retail customers are made in cash or via major debit and credit cards. The Group has policies that limit the amount of credit exposure to any financial institution.

The Group has significant concentrations of credit risk of other receivables and loans and receivables, which are mostly amounts due from related parties and third parties with maximum exposure equal to the carrying amounts. Management of the Group is of the view that the recoverability issue for the rest amounts due from related parties and third parties is small, because the Group believes that the related parties and third parties have the repayment capability and the Group has agreed with the related parties and third parties about future plans of repayment.

The Group has arranged bank financing for certain purchasers of its properties under development and has provided guarantees to secure the obligations of such purchasers for repayments. Detailed disclosures of these guarantees are made in note 42.

The Group is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in note 42(2) to the financial statements.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

Prudent liquidity risk management implies sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group's treasury function aims to maintain flexibility in funding by keeping committed credit lines available. In addition, the directors believe that the Group has sufficient cash flows from the operations and current available banking facilities to meet its liabilities as and when they fall due.

The maturity profile of the Group's financial liabilities as at the reporting date, based on the contractual undiscounted payments, was as follows:

GROUP

	2013					
	On demand	Less than 6 months	6 to less than 12 months	1 to 2 years	Over 2 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	–	1,209,829	724,906	908,804	2,226,233	5,069,772
Trade and bills payables	–	1,782,148	–	–	–	1,782,148
Other payables and accruals	123,376	354,041	650,575	–	–	1,127,992
Due to related parties	–	14,183	–	–	–	14,183
Guaranteed bonds due July 2014	–	23,250	1,023,250	–	–	1,046,500
Guarantees given to banks in connection with mortgage facilities granted to purchasers of the Group's properties under development	–	342,541	–	–	–	342,541
Guarantees given to banks in connection with facilities granted to the Group's associates	–	–	–	–	648,000	648,000
Guarantees given to banks and other financial institutions in connection with borrowings to a joint venture	–	–	–	542,500	180,000	722,500
	123,376	3,725,992	2,398,731	1,451,304	3,054,233	10,753,636

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

The maturity profile of the Group's financial liabilities as at the reporting date, based on the contractual undiscounted payments, was as follows: (continued)

Group

	2012					
	On demand	Less than 6 months	6 to less than 12 months	1 to 2 years	Over 2 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	–	567,788	744,742	534,070	572,101	2,418,701
Trade and bills payables	–	2,376,210	–	–	–	2,376,210
Other payables and accruals	178,004	199,449	658,971	–	–	1,036,424
Due to related parties	–	511,830	88,000	–	–	599,830
Convertible bonds	–	13,770	1,694,557	–	–	1,708,327
Guaranteed bonds due July 2014	–	23,250	23,250	1,046,500	–	1,093,000
Guarantees given to banks in connection with mortgage facilities granted to purchasers of the Group's properties under development	–	318,957	–	–	–	318,957
Guarantees given to banks in connection with facilities granted to the Group's associate	–	–	–	–	94,600	94,600
Guarantees given to banks and other financial institutions in connection with borrowings to a joint venture	–	–	–	–	652,500	652,500
	178,004	4,011,254	3,209,520	1,580,570	1,319,201	10,298,549

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

Company

	2013					
	On demand	Less than 6 months	6 to less than 12 months	1 to 2 years	Over 2 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	–	28,000	28,000	485,311	1,785,366	2,326,677
Other payables and accruals	–	26,549	–	–	–	26,549
Due to subsidiaries	–	–	–	117,699	–	117,699
Guaranteed bonds due July 2014	–	23,250	1,023,250	–	–	1,046,500
	–	77,799	1,051,250	603,010	1,785,366	3,517,425

Company

	2012					
	On demand	Less than 6 months	6 to less than 12 months	1 to 2 years	Over 2 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other payables and accruals	–	21,512	–	–	–	21,512
Due to subsidiaries	–	–	–	88,023	–	88,023
Convertible bonds	–	13,770	1,694,557	–	–	1,708,327
Guaranteed bonds due July 2014	–	23,250	23,250	1,046,500	–	1,093,000
	–	58,532	1,717,807	1,134,523	–	2,910,862

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2013 and 2012.

The Group monitors capital using a gearing ratio, which is borrowings divided by the total asset. The borrowings include interest-bearing bank and other borrowings, convertible bonds and guaranteed bonds due July 2014.

As at 31 December 2013, the Group's borrowings amounted to RMB5,752,516,000 (31 December 2012: RMB4,804,438,000). The gearing ratio was 25.5% as at 31 December 2013 (31 December 2012: 22.6%).

50. EVENTS AFTER THE REPORTING PERIOD

On 1 November 2013, Shanghai Intime and Jiaxing Intime entered into equity transfer agreements with Jiaxing Construction, to dispose of 30% and 30% of their respective equity interests in Jiaxing Intime Xintiandi, a subsidiary of the Company, for a total consideration of RMB362,488,800 for the 60% equity interest in aggregate. The disposal was completed in February 2014.

51. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 March 2014.