



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

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

Stock code: 312

**INTERIM REPORT 2014**

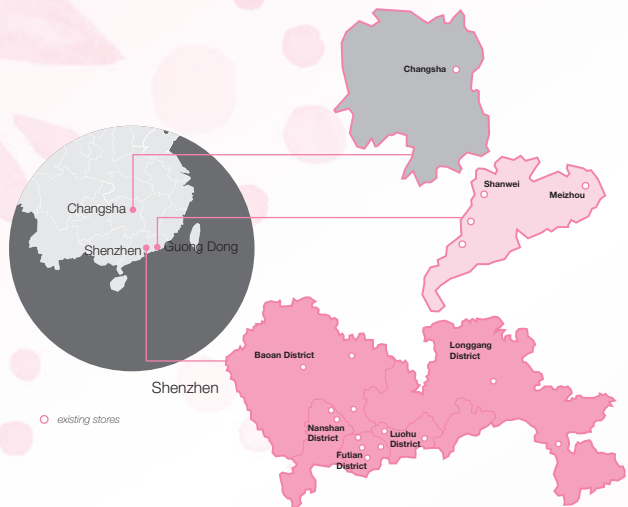
## CONTENTS

2	Corporate Profile
3	Financial Highlights
6	Chairman's Statement
11	Management Discussion and Analysis
18	Independent Review Report
20	Interim Consolidated Income Statement
21	Interim Consolidated Statement of Comprehensive Income
22	Interim Consolidated Balance Sheet
23	Interim Consolidated Statement of Changes in Equity
24	Interim Condensed Consolidated Statement of Cash Flows
25	Notes to the Condensed Consolidated Interim Financial Information
43	Other Information
49	Corporate Information

## CORPORATE PROFILE

Shirble Department Store Holdings (China) Limited (the “**Company**”) was incorporated in the Cayman Islands with limited liability on 5 November 2008. The Company and its subsidiaries (collectively, the “**Group**”) are principally engaged in the operation of department stores in the People’s Republic of China (the “**PRC**”).

The Group is one of the long established Shenzhen-based department store chains. As of 30 June 2014, the Group owned and operated 18 department stores, 13 of which are within Shenzhen, three in Shanwei (a coastal city in the eastern Guangdong Province), one in Meizhou City (Guangdong Province) and one in Changsha (the capital city of Hunan Province), with a total gross floor area (“**GFA**”) of 312,864.1 sq. m. Most of the Group’s stores have similar exterior and interior designs including layouts, colour schemes and the overall decoration for the purpose of enhancing customers’ awareness of the brand “**威寶百貨**”.



A broad range of merchandise is offered in the Group’s department stores, including footwear, textiles, apparel, cosmetics, children’s and households’ goods, electrical appliances, daily consumer products and household necessities, which enables the Group to capture a diverse range of customers. The Group’s department stores principally target the mid-market segment, aiming to offer its customers with quality merchandise and customer-oriented services, as well as a convenient and comfortable “one-stop” shopping environment. This market position enables the Group to capture high growth potential in the PRC retail sector.

## FINANCIAL HIGHLIGHTS

### OPERATING RESULTS

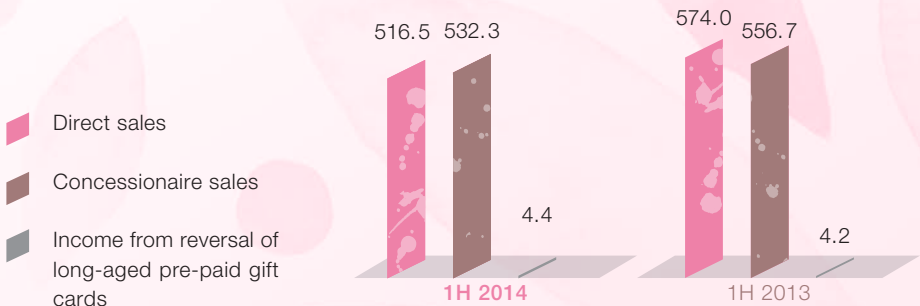
	For the six months ended 30 June	
	2014 RMB'000 (unaudited)	2013 RMB'000 (unaudited)
Revenue	641,127	696,730
Operating profit/(loss)	6,618	(79,313)
Profit/(loss) before income tax	18,296	(66,700)
Profit/(loss) attributable to owners of the Company	13,425	(76,559)
Earnings/(loss) per share for the profit/(loss) (expressed in RMB per share) – Basic and diluted	0.01	(0.03)

### ASSETS, LIABILITIES AND EQUITY

	At 30 June 2014 RMB'000 (unaudited)	At 31 December 2013 RMB'000 (audited)	At 30 June 2013 RMB'000 (unaudited)
Total assets	2,403,176	2,526,946	2,583,993
Total liabilities	1,170,346	1,307,447	1,221,645
Total equity	1,232,830	1,219,469	1,362,348

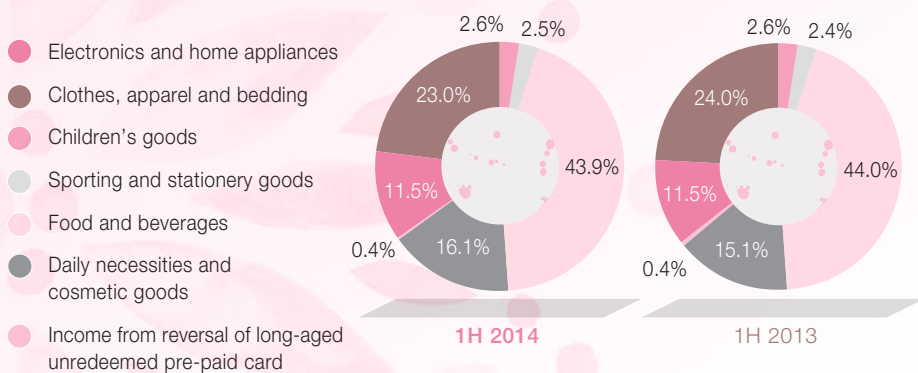
### GROSS SALES PROCEEDS - BY CATEGORY

RMB (million)

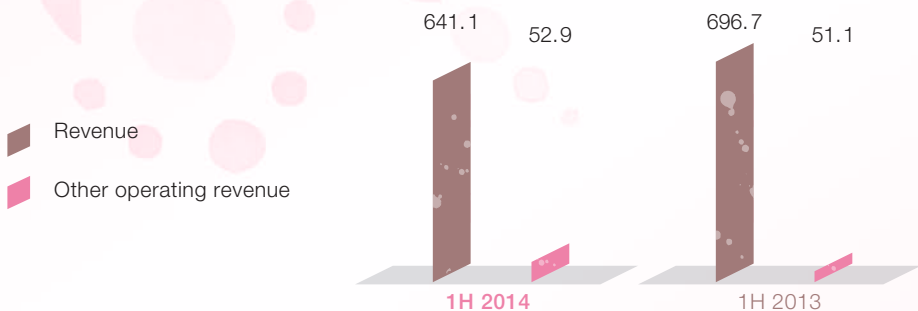


## FINANCIAL HIGHLIGHTS

### GROSS SALES PROCEEDS – BY PRODUCT CATEGORY RMB (million)



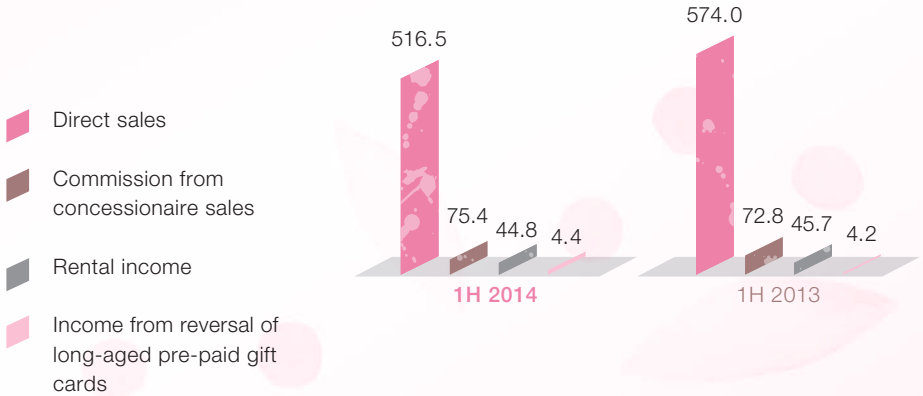
### REVENUE AND OTHER OPERATING REVENUE RMB (million)



## FINANCIAL HIGHLIGHTS

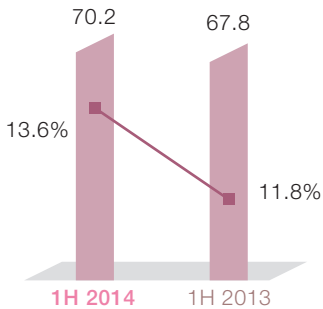
### REVENUE BY CATEGORY



RMB (million)



### GROSS PROFIT AND MARGIN OF DIRECT SALES

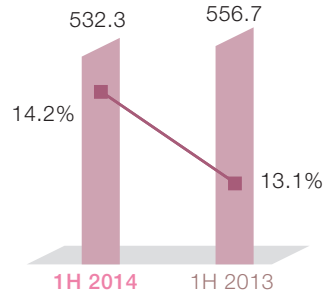
RMB (million)





-  Gross profit of direct sales
-  Margin of direct sales (%)

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

RMB (million)



-  Concessionaire sales
-  Commission rate (%)

## CHAIRMAN'S STATEMENT

### MARKET REVIEW

According to the National Bureau of Statistics of China, gross domestic product growth rate of China in the first quarter of 2014 decreased to 7.4% by 0.3% as compared to the corresponding period of 2013. In 2014, the slower growth in retail sales in China is expected given the fierce competition in the fragmented retail markets, especially those in the first-tier cities which are already saturated.

In recent years, retail business started to focus on the second-tier and third-tier cities which have an expected rapid growth of the upper middle class demanding branded retailer to provide quality goods and services. However, unique demographics and strong culture in these cities may obstruct the entry of new market and thus, branded retailers would need to conduct extensive marketing analyses and studies before making any investment in the future new markets.

### BUSINESS REVIEW

In 2013, the Group experienced a challenging year due to the slowdown in economic growth and the fierce competition in the already fragmented retail market. With the change of senior management in September 2013, the Group has undergone substantial strategic and operational restructuring in order to build a strong foundation to survive in its existing markets and expand into developing markets.

Thanks to the collective efforts of all the staff, the Group managed to record significant improvement in the first half of 2014. For the six months ended 30 June 2014, the Group's net profit was RMB13.4 million, as compared to the net loss of RMB76.6 million for the corresponding period in 2013.

## CHAIRMAN'S STATEMENT

### Strategic restructuring of store network

The Group has adhered to its strategy twofold to maintain its competitiveness in the retail market. Based on its solid foundation in Shenzhen, one of China's most competitive first-tier cities, the Group has embarked on accelerating the expansion of its store network into developing suburbs in Shenzhen and other second-tier or third-tier cities in Guangdong Province with high growth potential, such as Dongguan, Shanwei and Meizhou since 2011. In the last three years, the Group has opened a total of ten new department stores in these new markets. The new stores opened in Dongguan, however, experienced a challenging operating environment and as a result, incurred operating losses with insignificant revenue contributions to the Group. The directors of the Company (the “**Directors**”) then decided to reduced its exposure in Dongguan by closing two department stores at the end of December 2013 and sub-leasing and terminating the lease of the remaining two department stores in April 2014 and August 2014, respectively.

Meanwhile, the Group is implementing an effective business development strategy aimed at boosting the performance of the new department stores opened in 2012 and 2013, which has reduced the operating loss incurred by these stores. In addition, in order to optimise the operational efficiency and provide a better shopping experience, Mingxing Store, the only store in Shenzhen exclusively dedicated to department store functions with a GFA of 7,920.1 sq.m., will be relocated to another premises in Shenzhen and is scheduled to re-open in 2015 or 2016. The relocation also resulted in the receipt of an one-off relocation compensation of RMB12.31 million in different instalments from the landlord of the leased premises during the six months ended 30 June 2014.

In anticipation of the improving performance of the new department stores, the Directors are confident about the growth prospects of the Group, and will continue executing its expansion plan in a prudent manner.

As of 30 June 2014, the Group had a total of 18 department stores in operation, covering a total GFA of 312,864.1 sq.m., representing a decrease of 19.5% when compared with a total of 21 department stores and a total GFA of 388,461.7 sq.m. in operation as of 31 December 2013.



## CHAIRMAN'S STATEMENT

### Other operational strategies

In view of the current situation of the PRC retail market, securing quality suppliers and concessionaires is crucial to survive in the competitive market. Hence, the Group has forged strategic alliances with specified suppliers and concessionaires in order to maintain product sourcing and optimise product mix to satisfy a wide range of needs and preferences of different customers. In particular, the Group is constantly reviewing and optimising its merchandise mix, where new varieties, specialty local products, imported items and/or premium locally branded products are introduced within different stores according to local market preferences. Special attention were given to new stores' product mix and layout. The Group is also strengthening its capability to directly source fresh food to enlarge product variety and reduce procurement costs. Product safety standards are strictly observed particularly in lower-tier cities in order to raise the Group's brand profile in new developing markets.

To enhance the overall customer shopping experience, the store layout and the locations of different sections within the department stores are changing from time to time. New department stores layout are closely monitored and modified to maximise the customer flow. Complimentary amenities such as children's playground, internet cafe, restaurants and cinemas have been introduced at different stores.

To manage the store network expansion, the Group has completed an information and technology system upgrade, with functions covering financial analysis modules, logistics and point-of-sale (POS) management operations. Internal control procedures have also been improved thereby boosting the overall operational and management efficiency. For instance the Group is in the process of exploring the use of office automation (OA) systems to further promote operation efficiency and to enhance corporate governance.

### BUSINESS OUTLOOK

Despite a general slowdown in the growth of the PRC's retail business sector, the Directors remain optimistic about the business development of the Group. Favourable PRC government policies are expected to continue to stimulate the domestic consumption providing a favourable backdrop for the retail industry as a whole. Thus, the Group is continuing to implement its twofold strategy of further enhancing its market presence in Shenzhen and exploring opportunities in third-tier cities in Guangdong Province and elsewhere that are undergoing rapid urbanisation.

## CHAIRMAN'S STATEMENT

### Strategic expansion and optimisation of the store network

In view of the market opportunities arising from the rapid urbanisation of lower-tier cities, the Group tapped the market of Shanwei in Guangdong Province back in 2012. Leveraging this experience, the Group plans to further increase its market presence in Shanwei by opening the third department store in the area. A new department store located in a six-storey commercial property owned by the Group in Lufeng District in Shanwei with a GFA of 25,855.8 sq.m. is expected to open during the second half of 2014.

Meanwhile, the Group is striving to improve its market position in Shenzhen. Depending on the market sentiment and the performance of the other new departments stores of the Group, a new department store located in a five-storey building in Nankang, Longhua New District with a GFA of 28,000.0 sq.m. and a new department store located in a three-storey building and its basement in Yitian, Futian District with a GFA of 17,500.0 sq.m. are expected to open in 2015 and 2015 or 2016, respectively.

In addition to expanding the store network, the Group has taken the initiatives aimed at delivering a superior and more convenient shopping experience for customers. From time to time, store layouts and interior decoration are refurbished and product sections have re-located to provide customers with a new dimension in shopping. The Group is also evaluating the introduction of new or additional sections such as home furniture, or amenities such as children's playgrounds, internet cafe, restaurants and cinemas within store premises in order to increase customer flow and provide a wider range of activities to attract shoppers.

### Corporate initiatives to enhance efficiency and performance

On the corporate side, the Group has initiated a series of measures to maintain its sustainable development. Besides staff professional training and management trainee programs, internal control procedures have also been implemented to improve customer service and boost management and employee efficiency as well as to deliver an overall better performance. To recognise and reward employees for their contributions to the business and development of the Group, as well as to provide incentives to raise their performance, an employees' share award scheme (the "**Employees' Share Award Scheme**") was adopted in January 2014 in addition to the share option scheme adopted on 30 October 2010. The Employees' Share Award Scheme is intended to retain productive and efficient employees and align their interests with those of the Group and subsequently boost its overall performance.

## CHAIRMAN'S STATEMENT

### New business development and potential investment opportunities

The better market conditions and the greater financial resources currently available to the Group will facilitate its ongoing efforts to explore new business and investment opportunities in the retail or related sectors. The Directors will focus on the business and investment opportunities that could offer synergies with the Group's existing business.

### CONCLUSION

On behalf of the board of directors (the "**Board**"), I would like to take this opportunity to express my sincere gratitude to the management team and all colleagues for their commitment and diligence. Appreciation must also be extend to the Group's partners and customers for their continuous support. I wish to further thank all of the shareholders and investors of the Company for their confidence in the Group, and is confident that the business of the Group will continue to grow steadily.

**YANG Xiangbo**

*Chairman*

25 August 2014

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Total gross sales proceeds

During the six months ended 30 June 2014, the Group's total gross sales proceeds (representing the aggregate of the revenue from direct sales of the Group and total sales proceeds from concessionaire sales at the Group's department stores plus the reversal of deferred income in respect of long-aged unredeemed prepaid cards) were 1,053.2 million, representing a decrease of 7.2% from RMB1,134.9 million in the same period of 2013. The decrease in total gross sales proceeds was principally due to decrease in the sales from old stores in Shenzhen amid the intense competition and overall economic slowdown in tier are cities as well as the lost of sales contribution resulting from the closure/sub-leasing of department stores in Dongguan, Guangdong Province. The decrease in the total gross sales proceeds was partly mitigated by the increase in the sales from new department stores opened in 2012 and 2013.

Revenue generated from direct sales of the Group amounted to RMB516.5 million and the total sales proceeds from concessionaire sales amounted to RMB532.3 million, accounting for 49.0% and 50.5%, respectively, of the Group's total gross sales proceeds for the six months ended 30 June 2014. For the same period in 2013, revenue from direct sales amounted to RMB574.0 million, while the total sales proceeds from concessionaires sales amounted to RMB556.7 million, accounted for 50.6% and 49.1% respectively of the Group's total gross sales proceeds.

## MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the Group's total gross sales proceeds divided by the principal product categories:

	For the six months ended 30 June			
	2014		2013	
	RMB' million	%	RMB' million	%
Electronics and home appliances	120.8	11.5	130.7	11.5
Clothes, apparel and bedding	242.2	23.0	272.6	24.0
Children's goods	27.5	2.6	29.1	2.6
Sporting and stationery goods	26.9	2.5	27.8	2.4
Food and beverages	462.0	43.9	499.5	44.0
Daily necessities and cosmetic goods	169.4	16.1	171.0	15.1
Income from reversal of long-aged pre-paid gift cards	4.4	0.4	4.2	0.4
	<b>1,053.2</b>	<b>100.0</b>	<b>1,134.9</b>	<b>100.0</b>

### Revenue

The Group's revenue amounted to RMB641.1 million for the six months ended 30 June 2014, representing a decrease of 8.0% as compared with RMB696.7 million in the same period of 2013. The decrease was principally due to decrease in the direct sales in old stores amid intense competition and overall economic slowdown in tier one cities, and the slightly decrease in rental income resulting from store adjustments. The decrease was offset by the increase in the commission generated from the concessionaire sales at existing department stores.

Direct sales decreased by 10.0% to RMB516.5 million for the six months ended 30 June 2014 from RMB574.0 million in the same period of 2013, principally due to the decrease in the sales from old stores in Shenzhen, mitigated by the increase in direct sales from the new stores opened in 2012 and 2013. Direct sales as a percentage of the Group's total revenue was 80.6% for the six months ended 30 June 2014 as compared with 82.4% in the same period of 2013.

## MANAGEMENT DISCUSSION AND ANALYSIS

Commission from concessionaire sales increased by 3.6% to RMB75.4 million for the six months ended 30 June 2014 from RMB72.8 million in the same period of 2013, mainly due to the higher commission rate charged at the existing stores resulting from an effective advertising and promotion campaigns, offset by the decrease in concessionaire sales from old stores. The commission rate of concessionaire sales was 14.2% as compared with 13.1% for the same period in 2013. Commission from concessionaire sales as a percentage of the Group's total revenue was 11.8% for the six month ended 30 June 2014 as compared with 10.5% for the same period in 2013.

Rental income decreased slightly by 2.0% to RMB44.8 million for the six month ended 30 June 2014 from RMB45.7 million for the same period in 2013, mainly due to strategic adjustments for the sublease area at old stores. Rental income as a percentage of the Group's total revenue was 7.0% for the six month ended 30 June 2014 as compared with 6.6% for the same period in 2013.

Income from reversal of long-aged unredeemed pre-paid cards increased by 4.8% to RMB4.4 million for the six months ended 30 June 2014 from RMB4.2 million in the same period of 2013.

### Other operating revenue

Other operating revenue increased slightly by 3.5% to RMB52.9 million for the six months ended 30 June 2014 from RMB51.1 million in the same period in 2013, mainly due to the increase in credit card handling fees for concessionaire sales as well as government grants.

### Other gain/(loss), net

Other net gain amounted to RMB4.4 million for the six months ended 30 June 2014 as compared with other net loss of RMB28.0 million in the same period of 2013, mainly due to the receipt of an one-off relocation compensation in total amount of RMB12.31 million from the landlord of the leased premises of Mingxing Store in the first half of 2014. The increase was offset by a further provision for penalty charge and loss on disposal of property, plant and equipment amounted to RMB7.4 million as a result of the closure of certain department stores in 2013. Other net loss of RMB28.2 million was recognized in the same period of 2013 mainly due to an one-off impairment losses and provision for penalty charge recognized for certain stores in Dongguan.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Purchase of and changes in inventories

Purchase of and changes in inventories amounted to RMB446.3 million for the six months ended 30 June 2014, representing a decrease of 11.8% as compared with RMB506.2 million in the same period of 2013. As a percentage of revenue from direct sales, purchase of and changes in inventories was 86.4% for the six months ended 30 June 2014 as compared with 88.2% in the same period of 2013.

### Employee benefit

Employee benefit decreased by 10.7% to RMB87.5 million for the six months ended 30 June 2014 from RMB98.0 million in the same period in 2013, primarily due to the restructuring of staff in old stores and head office as well as the closure and sub-leasing of certain department stores in Dongguan in 2013 and 2014, offset by the increase in headcounts for the two new stores opened in 2013.

### Depreciation and amortization

Depreciation and amortization decreased by 37.8% to RMB26.7 million for the six months ended 30 June 2014 from RMB42.9 million in the same period in 2013 which was principally due to the closure of certain department stores in Dongguan in 2013, offset by the two new stores opened in 2013.

### Operating lease rental expenses

Operating lease rental expenses decreased by 20.0% to RMB73.7 million for the six months ended 30 June 2014 from RMB92.1 million in the same period of 2013. The decrease was principally attributable to the closure and sub-leasing of certain department stores in Dongguan, offset by the two new stores opened in 2013.

### Other operating expenses, net

Other operating expenses, which principally comprised of utility expenses, advertising, marketing, promotion and related expenses, other tax expenses, bank charges, exchange differences and maintenance expenses, decreased slightly by 3.7% to RMB57.6 million for the six months ended 30 June 2014 from RMB59.8 million in the same period in 2013. This was primarily due to the efficient cost controls and savings for the existing stores and head office.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Operating profit/(loss)

As a result of the reasons mentioned above, the Group's operating profit amounted to RMB6.6 million for the six months ended 30 June 2014 as compared with the operating loss of the Group of RMB79.3 million in the same period in 2013.

### Finance income

Finance income decreased by 5.9% to RMB12.8 million for the six months ended 30 June 2014 from RMB13.6 million in the same period of 2013 which was primarily attributable to the lower interest income earned from bank deposits.

### Finance costs

Finance costs increased by 20.0% to RMB1.2 million for the six months ended 30 June 2014 from RMB1.0 million in the same period of 2013 which was primarily attributable to the increase in borrowing principal as a result of the unfavourable change in exchange rate.

### Income tax expense

Income tax expense amounted to RMB4.9 million for the six months ended 30 June 2014, representing a decrease of 50.5% from RMB9.9 million in the same period of 2013. The effective tax rate applicable to the Group for the six months ended 30 June 2014 was 25%. In addition, pursuant to the PRC Corporate Income Tax Law, the Group is liable to withholding taxes on dividends distributed by subsidiaries established in China. The applicable tax rate for the Group is 5%.

### Profit/(Loss) attributable to equity shareholders of the Company

As a result of the aforementioned, profit attributable to equity shareholders of the Company amounted to RMB13.4 million for the six months ended 30 June 2014 as compared with the loss of RMB76.6 million in the same period of 2013, representing an increase of 117.5%.



## MANAGEMENT DISCUSSION AND ANALYSIS

### LIQUIDITY AND FINANCIAL RESOURCES

As of 30 June 2014, the Group's cash and cash equivalents amounted to RMB516.1 million, decreased by RMB110.2 million from RMB626.3 million as of 31 December 2013. The cash and cash equivalents, which were in Hong Kong dollars and RMB, were deposited with banks in Hong Kong and the PRC as short-term deposits for interest income.

As of 30 June 2014, the Group's bank deposits amounted to RMB901.9 million, decreased by RMB17.1 million from RMB919.0 million as of 31 December 2013. The bank deposit which were in RMB, were deposited with banks in Hong Kong as long-term fixed deposits for interest income, in which RMB388.0 million (31 December 2013: RMB388.4 million) were pledged to bank as restricted bank deposit to secure borrowings.

As of 30 June 2014, the Group's outstanding bank borrowings amounted to RMB238.1 million (31 December 2013: RMB235.9 million). The borrowings are denominated in Hong Kong dollars with average interest rate of 0.980% per annum (31 December 2013: 0.882%). The gearing ratio of the Group expressed as a percentage of interest-bearing bank loans over the total assets was 9.9% as of 30 June 2014 (31 December 2013: 9.3%). The Group will continue to review its cash flow position and renew the bank borrowings when necessary.

### Net current assets and net assets

The net current assets of the Group as of 30 June 2014 were RMB506.8 million (31 December 2013: RMB539.0 million), representing a decrease of RMB32.2 million. The net assets of the Group as of 30 June 2014 decreased to RMB1,232.8 million (31 December 2013: RMB1,219.5 million), representing a decrease of 1.1%.

### Foreign exchange exposure

The business operation of the Group is primarily in the PRC with most of its transactions settled in RMB. Certain of the Group's cash and bank balances are denominated in Hong Kong dollars and the Company paid dividends in Hong Kong dollars which exposed the Group to foreign exchange risks arising from the exchange of Hong Kong dollars against RMB. For the six months ended 30 June 2014, the Group recorded a net foreign exchange loss of RMB2.2 million. The Group has not used any forward contracts, currency borrowings or other means to hedge its foreign currency exposure.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Employees and remuneration policy

As of 30 June 2014, the total number of employees of the Group was 2,382. The Group's remuneration policy is determined with reference to market conditions and the performance, qualifications and experience of individual employees.

To recognise and reward the eligible employees for their contributions to the business and development of the Group, the Group adopted the Employee's Share Award Scheme on 22 January 2014 for rewarding their satisfactory performance. Eligible participants include employees, consultants and other personnel employed or engaged by the Group related to the business and operation of the Group, as well as mid-level management, senior management and senior executives of the Group.

### Contingent liabilities

As of 30 June 2014, the Group did not have any significant contingent liabilities.

### Material acquisitions and disposal of subsidiaries

There are no material acquisition and disposal of subsidiaries and associated companies during the six months ended 30 June 2014.

## INDEPENDENT REVIEW REPORT

**Report on Review of Interim Financial Information**  
**To the Board of Directors of Shirble Department Store Holdings (China) Limited**  
*(Incorporated in Cayman Islands with limited liability)*

### INTRODUCTION

We have reviewed the interim financial information set out on pages 20 to 42, which comprises the interim condensed consolidated balance sheet of Shirble Department Store Holdings (China) Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) as at 30 June 2014 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

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

## INDEPENDENT REVIEW REPORT

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**  
***Certified Public Accountants***

Hong Kong, 25 August 2014

## INTERIM CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2014

(Expressed in Renminbi)

		Unaudited Six months ended 30 June	
	Note	2014 RMB'000	2013 RMB'000
Revenue	7	641,127	696,730
Other operating revenue	8	52,878	51,065
Other gain/(loss), net	9	4,418	(28,009)
Purchase of and changes in inventories	10	(446,258)	(506,214)
Employee benefits	10	(87,518)	(98,029)
Depreciation and amortisation	10	(26,679)	(42,894)
Operating lease rental expenses	10	(73,709)	(92,119)
Other operating expenses, net	10	(57,641)	(59,843)
<b>Operating profit/(loss)</b>		<b>6,618</b>	<b>(79,313)</b>
Finance income		12,845	13,563
Finance costs		(1,167)	(950)
Finance income – net		11,678	12,613
<b>Profit/(loss) before income tax</b>		<b>18,296</b>	<b>(66,700)</b>
Income tax expense	11	(4,871)	(9,859)
<b>Profit/(loss) for the period</b>		<b>13,425</b>	<b>(76,559)</b>
<b>Profit/(loss) attributable to:</b>			
Owners of the Company		13,425	(76,559)
<b>Earnings/(loss) per share for the profit/(loss) attributable to owners of the Company during the period</b> (expressed in RMB per share)			
– Basic and diluted	13	0.01	(0.03)

The notes on pages 25 to 42 are an integral part of these consolidated financial statements.

		RMB'000	RMB'000
Dividends	12	–	–

## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

(Expressed in Renminbi)

	Unaudited	
	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
<b>Profit/(loss) for the period</b>	<b>13,425</b>	(76,559)
<b>Other comprehensive income:</b>		
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	(64)	121
<b>Other comprehensive income for the period</b>	<b>(64)</b>	121
<b>Total comprehensive income/(loss) for the period</b>	<b>13,361</b>	(76,438)
<b>Attributable to:</b>		
Owners of the Company	<b>13,361</b>	(76,438)

The notes on pages 25 to 42 are an integral part of these consolidated financial statements.

## INTERIM CONSOLIDATED BALANCE SHEET

For the six months ended 30 June 2014

(Expressed in Renminbi)

	Note	Unaudited 30 June 2014 RMB'000	Audited 31 December 2013 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	640,914	453,841
Intangible assets	14	20,497	21,618
Deferred income tax assets	15	53,118	54,134
Trade and other receivables	16	11,487	150,920
		<b>726,016</b>	680,513
<b>Current assets</b>			
Inventories		182,184	219,935
Trade and other receivables	16	76,977	81,200
Bank deposits	17	901,930	919,007
Cash and cash equivalents	17	516,069	626,291
		<b>1,677,160</b>	1,846,433
<b>Total assets</b>		<b>2,403,176</b>	2,526,946
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	18	213,908	213,908
Share premium	18	894,338	894,338
Other reserves		196,669	196,733
Accumulated loss		(72,085)	(85,510)
<b>Total equity</b>		<b>1,232,830</b>	1,219,469
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	19	901,339	1,044,445
Income tax payable		30,882	27,163
Borrowings	20	238,125	235,869
		<b>1,170,346</b>	1,307,477
<b>Total liabilities</b>		<b>1,170,346</b>	1,307,477
<b>Total equity and liabilities</b>		<b>2,403,176</b>	2,526,946
<b>Net current assets</b>		<b>506,814</b>	538,956
<b>Total assets less current liabilities</b>		<b>1,232,830</b>	1,219,469

On behalf of Board of Directors

**YANG XIANGBO**  
Director

**YANG TI WEI**  
Director

The notes on pages 25 to 42 are an integral part of these consolidated financial statements.

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014  
(Expressed in Renminbi)

	Unaudited Attributable to owners of the Company				
	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	(Accumulated loss)/ Retained profits RMB'000	Total equity RMB'000
<b>Balance at 1 January 2014</b>	213,908	894,338	196,733	(85,510)	1,219,469
<b>Comprehensive income</b>					
Profit for the period	-	-	-	13,425	13,425
<b>Other comprehensive income</b>					
Currency translation differences	-	-	(64)	-	(64)
<b>Balance at 30 June 2014</b>	213,908	894,338	196,669	(72,085)	1,232,830
<b>Balance at 1 January 2013</b>	213,908	894,338	195,008	135,532	1,438,786
<b>Comprehensive income</b>					
Loss for the period	-	-	-	(76,559)	(76,559)
<b>Other comprehensive income</b>					
Currency translation differences	-	-	121	-	121
<b>Balance at 30 June 2013</b>	213,908	894,338	195,129	58,973	1,362,348

The notes on pages 25 to 42 are an integral part of these consolidated financial statements.



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

(Expressed in Renminbi)

		Unaudited	
		Six months ended 30 June	
		2014	2013
	Note	RMB'000	RMB'000
<b>Cash flows from operating activities</b>			
Cash used in operations		(72,871)	(194,558)
Income tax paid		(138)	(9,596)
<b>Net cash used in operating activities</b>		<b>(73,009)</b>	(204,154)
<b>Net cash used in investing activities</b>		<b>(39,348)</b>	(234,463)
<b>Net cash generated from/(used in) in financing activities</b>		<b>2,135</b>	(70,869)
<b>Net decrease in cash and cash equivalents</b>		<b>(110,222)</b>	(509,486)
Cash and cash equivalents at 1 January		626,291	1,144,010
<b>Cash and cash equivalents at 30 June</b>	17	<b>516,069</b>	634,524

The notes on pages 25 to 42 are an integral part of these consolidated financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014  
(Expressed in Renminbi)

### 1. GENERAL INFORMATION

Shirble Department Store Holdings (China) Limited (the “**Company**”) was incorporated in the Cayman Islands on 5 November 2008 as an exempted company with limited liability under the Companies Law, (Cap. 22) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is principally engaged in investment holding. The principal activities of the Company and its subsidiaries (together, the “**Group**”) are to operate in department stores in Mainland China.

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 17 November 2010.

The interim condensed consolidated financial information is presented in Renminbi (“**RMB**”), unless otherwise stated.

The interim condensed consolidated financial information have been approved for issue by the board of directors on 25 August 2014.

### 2. BASIS OF PREPARATION

This interim financial information for the six months ended 30 June 2014 (“**the interim period**”) has been prepared in accordance with International Accounting Standard (“**IAS**”) 34, ‘Interim Financial Reporting’. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with IFRS.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

(Expressed in Renminbi)

### 3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2013, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new and amended standards and interpretations are mandatory and relevant to the Group for the first time for the financial year beginning 1 January 2014. The effective of these new and amended and interpretations did not have significant impact to the Group's financial statement.

- Amendment to IAS/HKAS 32 'Financial instruments: Presentation' on asset and liability offsetting
- Amendments to IFRS/HKFRS 10, 12 and IAS/HKAS 27 'Consolidation for investment entities'
- Amendment to IAS/HKAS 36 'Impairment of assets' on recoverable amount disclosures
- Amendment to IAS/HKAS 39 'Financial Instruments: Recognition and Measurement' – 'Novation of derivatives'
- IFRIC/HK(IFRIC) 21 'Levies'

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014  
(Expressed in Renminbi)

### 4. ESTIMATES

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2013.

### 5. FINANCIAL RISK MANAGEMENT

#### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2013.

There were no significant changes to risk management policies during the six months ended 30 June 2014.

#### 5.2 Liquidity risk

Compared to those of 31 December 2013, there was no material change in the contractual undiscounted cash out flows for financial liabilities as at 30 June 2014.

#### 5.3 Fair value estimation

As at 30 June 2014, the Group did not have significant financial instruments carried at fair value.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

(Expressed in Renminbi)

### 6. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

The information reported to the chief operating decision-maker for the purpose of resource allocation and assessment of performance, is prepared based on the overall operation of department stores in the PRC, which is the only operating and reporting segment of the Group.

The directors consider that the Group operates in a single business segment, i.e., operation and management of department stores in the PRC.

Accordingly, no segmental analysis is presented. All revenues from external customers during the year are generated in the PRC and all significant operating assets of the Group are located in PRC.

### 7. REVENUE

	Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Direct sales	516,477	574,013
Commission from concessionaire sales	75,362	72,829
Rental income (a)	44,847	45,690
Income from reversal of long-aged unredeemed prepaid cards	4,441	4,198
	<b>641,127</b>	<b>696,730</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

(Expressed in Renminbi)

### 7. REVENUE (CONTINUED)

- (a) The rental income from the leasing of shop premises is analyzed as follows:

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Sublease rental income	27,817	32,490
Contingent rental income	17,030	13,200
	44,847	45,690

### 8. OTHER OPERATING REVENUE

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Promotion, administration and management income	47,569	47,676
Credit card handling fees for concessionaire sales	2,542	1,735
Others	2,767	1,654
	52,878	51,065

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

*(Expressed in Renminbi)*

## 9. OTHER GAIN/(LOSS), NET

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Relocation compensation (a)	12,310	–
Provision for penalty charge (b)	(4,774)	(7,735)
Impairment loss for property, plant and equipment (b)	–	(20,500)
Loss on disposal of property, plant and equipment	(2,618)	(17)
Provision for prepayment and other receivables	(1,125)	–
Others	625	243
	4,418	(28,009)

- (a) The amounts represented the one-off relocation compensation of a department store located in Shenzhen from the landlord of the leased premise as a result of early cancellation of the lease contract.
- (b) For the six months ended 30 June 2014, the amounts represented the penalty charge as a result of early cancellation of lease contracts of department stores located in Dongguan, Guangdong Province initiated by the Group.

For the six months ended 30 June 2013, the amounts represented the impairment loss for property, plant and equipment and provision for penalty charge as a result of the reduction in store area of department stores located in Dongguan, Guangdong Province.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014  
(Expressed in Renminbi)

### 10. EXPENSES BY NATURE

Expenses included in cost of sales, distribution costs and administrative expenses were analysed as follows:

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Purchase of and changes in inventories	446,258	506,214
Employee benefit expenses	87,518	98,029
Operating rental expenses	73,709	92,119
Depreciation and amortisation expenses (Note 14)	26,679	42,894
Auditor's remuneration	748	1,076
Other expenses	56,893	58,767
	<b>691,805</b>	<b>799,099</b>

### 11. INCOME TAX EXPENSES

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Current income tax		
– PRC corporate income tax	3,855	10,055
Deferred income tax	1,016	(196)
	<b>4,871</b>	<b>9,859</b>

- (a) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.
- (b) Hong Kong profits tax has not been provided as the Group did not generate any assessable profits in Hong Kong during the interim period.
- (c) The subsidiaries of the Group incorporated in the PRC are subject to PRC corporate income tax at tax rate of 25%.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014  
(Expressed in Renminbi)

### 12. DIVIDENDS

No dividends were declared or payable to equity shareholders of the Company attributable to the previous financial year (2013: Nil).

### 13. EARNINGS/(LOSS) PER SHARE

#### (a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the consolidated profit attributable to equity shareholders of the Company for the interim period of RMB13,425,000 (consolidated loss for six months ended 30 June 2013: RMB76,559,000) and the weighted average number of RMB2,495,000,000 (six months ended 30 June 2013: RMB2,495,000,000) shares in issue during the interim period.

#### (b) Diluted earnings/(loss) per share

As there were no dilutive potential ordinary shares for the six months ended 30 June 2014 and 2013, the basic and diluted earnings/(loss) per share are the same.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014  
(Expressed in Renminbi)

### 14. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Property, plant and equipment RMB'000	Intangible assets RMB'000
<b>Six months ended 30 June 2014</b>		
Opening amount as at 1 January 2014	453,841	21,618
Additions	215,769	172
Disposals	(3,310)	-
Depreciation	(25,386)	(1,293)
<b>Closing net book amount as at 30 June 2014</b>	<b>640,914</b>	<b>20,497</b>
<b>Six months ended 30 June 2013</b>		
Opening amount as at 1 January 2013	565,183	52,273
Additions	36,417	2,190
Disposals	(2,083)	-
Depreciation	(38,899)	(3,995)
Impairment	(20,500)	-
<b>Closing net book amount as at 30 June 2013</b>	<b>540,118</b>	<b>50,468</b>

### 15. DEFERRED INCOME TAX ASSETS

	2014 RMB'000	2013 RMB'000
Opening balance at 1 January	54,134	48,102
Charged to consolidated income statement (Note 11)	1,016	(196)
<b>Closing balance at 30 June</b>	<b>53,118</b>	<b>48,298</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

*(Expressed in Renminbi)*

## 16. TRADE AND OTHER RECEIVABLES

	As at	
	30 June	31 December
	2014	2013
	RMB'000	RMB'000
<b>Current portion:</b>		
Trade receivables (a)	13,165	13,224
Prepayments (b)	6,405	9,420
Deposits	34,321	34,141
Other receivables	5,891	3,992
Prepaid rental	6,638	5,935
Interest receivable	10,557	14,488
	<b>76,977</b>	<b>81,200</b>
<b>Non-current portion:</b>		
Prepayments for acquisition of a property in Lufeng (b)	-	144,792
Prepayments for construction project (b)	7,467	5,518
Prepayments for decoration work (b)	4,020	610
	<b>11,487</b>	<b>150,920</b>
	<b>88,464</b>	<b>232,120</b>

## (a) Trade receivables

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

(Expressed in Renminbi)

### 16. TRADE AND OTHER RECEIVABLES (CONTINUED)

#### (a) Trade receivables (continued)

The ageing analysis of the trade receivables of the Group based on invoice date or the time from the initial recognition of receivables is as follows:

	As at	
	30 June 2014 RMB'000	31 December 2013 RMB'000
0 – 30 days	8,630	9,523
31 – 90 days	3,479	2,554
91 – 365 days	1,056	1,147
	<b>13,165</b>	13,224

All trade receivables are denominated in RMB and their carrying amounts approximated their fair values as at the balance sheet date.

As at 30 June 2014, trade receivables of RMB13,165,000 were fully performing (31 December 2013: RMB13,224,000).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

*(Expressed in Renminbi)*

## 16. TRADE AND OTHER RECEIVABLES (CONTINUED)

## (b) Prepayments (current and non-current portions)

		As at	
	Note	30 June 2014	31 December 2013
		RMB'000	RMB'000
Prepayments for acquisition of a property in Lufeng	(i)	–	144,792
Prepayments for construction projects	(ii)	7,467	5,518
Prepayments for decoration work	(ii)	4,020	610
Prepayments for purchase of merchandise		6,405	9,420
		<b>17,892</b>	<b>160,340</b>

- (i) The balance as at 31 December 2013 represented a prepayment for the acquisition of a property in Lufeng, Guangdong Province, the PRC. As at 30 June 2014, the acquisition of the property had been completed and the balance was transferred to property, plant and equipment from the prepayments.
- (ii) The balance as at 30 June 2014 and 31 December 2013 represented the prepayments for construction projects and decoration work for the department stores of the Group.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014  
(Expressed in Renminbi)

### 17. BANK DEPOSITS, CASH AND CASH EQUIVALENTS

	As at	
	30 June	31 December
	2014	2013
	RMB'000	RMB'000
Fixed term	513,969	530,568
Restricted deposit for bank borrowing	387,961	388,439
Total bank deposits	901,930	919,007
Cash and cash equivalents	516,069	626,291
	<b>1,417,999</b>	<b>1,545,298</b>

### 18. SHARE CAPITAL AND SHARE PREMIUM

	Issued and fully paid				
	Number of ordinary shares, authorized (thousand)	Number of ordinary shares (thousand)	Ordinary share capital RMB'000	Share premium RMB'000 (Note a)	Total RMB'000
At 1 January 2014 and at 30 June 2014	1,500,000	2,495,000	213,908	894,338	1,108,246
At 1 January 2013 and at 30 June 2013	1,500,000	2,495,000	213,908	894,338	1,108,246

#### (a) Share premium

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

*(Expressed in Renminbi)*

## 19. TRADE AND OTHER PAYABLES

	As at 30 June 2014 RMB'000	31 December 2013 RMB'000
Trade payables (Note a)	231,386	304,046
Rental payables	183,195	180,969
Other tax payables	20,673	12,857
Deferred income	29,679	33,010
Accrued wages and salaries	12,667	22,701
Amount due to related parties (Note 22 (b))	146	81
Advances from suppliers	5,970	5,970
Advances received from customers (Note b)	317,882	382,142
Other payables and accruals	99,741	102,669
	<b>901,339</b>	<b>1,044,445</b>

All trade and other payables are denominated in RMB and their carrying amounts approximated their fair values as at the balance sheet date.

(a) The aging analysis of the trade payables of the Group was follows:

	As at 30 June 2014 RMB'000	31 December 2013 RMB'000
0 – 30 days	109,755	124,418
31 – 60 days	16,065	69,091
61 – 90 days	27,602	15,413
91 – 365 days	33,163	51,902
1 year – 2 years	37,648	35,843
2 years – 3 years	6,902	7,128
Over 3 years	251	251
	<b>231,386</b>	<b>304,046</b>

(b) The amount mainly represented cash received for prepaid cards sold.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014  
(Expressed in Renminbi)

### 20. BORROWINGS

	As at	
	<b>30 June</b>	31 December
	<b>2014</b>	2013
	<b>RMB'000</b>	RMB'000
Bank borrowings, secured	<b>238,125</b>	235,869

Movements in borrowings is analysed as follows:

	RMB'000
<b>Six months ended 30 June 2014</b>	
Opening amount 1 January 2014	<b>235,869</b>
Repayments of borrowings	<b>1,190,625</b>
Proceeds of new borrowings	<b>(1,188,369)</b>
<b>Closing amount as at 30 June 2014</b>	<b>238,125</b>
<b>Six months ended 30 June 2013</b>	
Opening amount as at 1 January 2013	243,255
Repayments of borrowings	(1,199,115)
Proceeds of new borrowings	1,194,825
<b>Closing amount as at 30 June 2013</b>	<b>238,965</b>



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

*(Expressed in Renminbi)*

## 21. COMMITMENTS

- (a) Capital expenditures contracted for at the balance sheet date but not yet incurred is as follows:

	As at 30 June 2014 RMB'000	31 December 2013 RMB'000
Capital commitments – expenditures of property, plant and equipment – Contracted but not provided for	16,969	69,714

- (b) Operating lease commitments – the Group as the lessee

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 30 June 2014 RMB'000	31 December 2013 RMB'000
Land and buildings:		
Not later than 1 year	152,045	170,044
Later than 1 year and not later than 5 years	611,844	706,057
Over 5 years	1,353,202	1,698,486
	2,117,091	2,574,587

The Group leases a number of properties under operating leases in respect of retail shops, offices and warehouses. The leases typically run for a period of 7 to 22 years, with an option to renew the lease but the terms should be subject to renegotiation. None of the leases includes contingent rentals.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014  
(Expressed in Renminbi)

### 21. COMMITMENTS (CONTINUED)

#### (c) Operating lease commitments – the Group as the lessor

The future aggregate minimum lease receipts under non-cancellable operating leases are as follows:

	As at	
	30 June	31 December
	2014	2013
	RMB'000	RMB'000
Land and buildings:		
Not later than 1 year	38,562	33,187
Later than 1 year and not later than 5 years	65,789	55,292
Over 5 years	16,304	14,511
	<b>120,655</b>	102,990

### 22. RELATED PARTY TRANSACTIONS

The Group is controlled by Shirble Department Store Limited (incorporated in the BVI) and Homey Enterprises Limited (incorporated in the BVI), which own 66.6% and 5% of the Company's shares respectively. The remaining 28.4% of the shares are widely held. The ultimate parent of the Group is Xiang Rong Investment Limited (incorporated in the BVI). The ultimate controlling party of the Group is Mr YANG Xiangbo.

The following transactions were carried out with related parties:

Name	Relationship
Shenzhen Ruizhuo Investment Development Company Limited ("Ruizhuo Investment")	Owned in equal shares by Mr. YANG Xiangbo's nephew and niece
Luhe County Shirble Inn ("Shirble Inn")	Controlled by Mr. YANG Xiangbo

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

*(Expressed in Renminbi)*

## 22. RELATED PARTY TRANSACTIONS (CONTINUED)

The following transactions were carried out with related parties:

## (a) Rental expenses to related parties

	Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Ruizhuo Investment	10	10
Shirble Inn	55	55
	65	65

The Group entered into lease agreements in respect of certain leasehold properties with related parties of the Group for its distribution centre, retail shops, training centre and employee dormitories.

The directors of the Company are of the opinion that the above related party transactions were conducted on terms no less favourable to the Group than terms available to or from independent third parties and in the ordinary course of business.

## (b) Balances with related parties

## (i) Amounts due to related parties

	As at	
	30 June 2014 RMB'000	31 December 2013 RMB'000
Ruizhuo Investment	91	81
Shirble Inn	55	–
	146	81

The outstanding balances with these related parties are unsecured, interest-free and repayable on demand.

## OTHER INFORMATION

### CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving and maintaining high standards of corporate governance. In the opinion of the Directors, throughout the six months ended 30 June 2014, the Company has complied with the principles and code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The Board acknowledges its responsibility to ensure that sound and effective internal controls are maintained to safeguard the shareholders’ investment and the Company’s assets and review the effectiveness of the internal control system annually. Procedures have been designed to facilitate effective and efficient operations, ensure reliability of financial reporting, identify and manage potential risks, safeguard assets of the Group and ensure compliance with applicable laws and regulations.

The Board and the Audit Committee reviewed the Group’s material controls, including financial, operational and compliance controls and risk management functions. The Board also assessed the adequacy of resources, qualifications and experience of the staff of the Company’s accounting and financial reporting function, and their training programs and budget. In December 2013, the Group appointed a reputable accounting firm to conduct a review on the Group’s internal control and to report its findings to the Audit Committee and the Board in March 2014. The enhancement of the internal controls measures will continue to be monitored by the internal audit department and the Chief Executive Officer of the Group. The internal audit department will periodically report their review and findings on the Group’s internal controls to the Audit Committee and the Board.

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding the Directors’ securities transactions. Having made specific enquiries of all the Directors, the Company confirmed that all the Directors have complied with the Model Code for the six months ended 30 June 2014.

## OTHER INFORMATION

### AUDIT COMMITTEE

As of the date of this report, the audit committee of the Board (the “**Audit Committee**”) comprises four Independent non-executive Directors, namely, Ms. ZHAO Jinlin (chairman), Mr. CHEN Fengliang, Mr. JIANG Hongkai and Mr. FOK Hei Yu. The Audit Committee has been established to review the financial reporting process and evaluate the effectiveness of internal control procedures (including financial, operational and compliance controls and risk management functions) of the Group. During the six months ended 30 June 2014, the Audit Committee has held two meetings with management, external auditors and internal control consultant to discuss on the auditing, internal controls and financial reporting matters of the Company, and to review on the Group’s internal control, annual results for the year ended 31 December 2013 and unaudited interim results for the six months ended 30 June 2014. The Audit Committee has reviewed the interim results of the Group for the six months ended 30 June 2014.

The Audit Committee is satisfied that there is an ongoing process in place for identifying, evaluating and managing the significant risks faced by the Group, and believes that in order to manage the risk of failure in achieving the Company’s goals and objectives to an ultimate extent, the Group should continuously enhance its internal control system. The Audit Committee also reviewed the adequacy of resources, qualifications and experience of staff of the Company’s accounting and financial reporting function, as well as training programs and budget. The Audit Committee believes that in view of the rapid expansion plan of the Group, the Group should continue to monitor its total resources in the accounting and financial reporting function, and to increase its resources for staff recruitment and training when necessary.

### INTERIM DIVIDEND

In view of the working capital requirements for the business operation of the Group, the Board does not recommend an interim dividend for the six months ended 30 June 2014 (2013: Nil).

## OTHER INFORMATION

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

As of 30 June 2014, the interests and short positions of the Directors in the shares of the Company, underlying shares or debentures of the Company or any of the associated corporations of the Company (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), which were required (a) to be notified to the Company and the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

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

Name of director	Capacity	Number of shares	Percentage of shareholding
Mr. YANG Xiangbo	Interest in a controlled corporation	1,662,487,500	66.6%

Note:

- (1) Mr. YANG Xiangbo is the beneficial owner of all the issued share capital of Xiang Rong Investment Limited (“Xiang Rong Investment”), which in turn owns the entire issued share capital of Shirble Department Store Limited (“Shirble BVI”) and is deemed to be interested in the 1,662,487,500 shares held by Shirble BVI.

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

Name of director	Name of associated corporations	Capacity	Number of shares	Percentage of shareholding
Mr. Yang Xiangbo	Shirble BVI	Interest in a controlled corporation	50,000	100%
Mr. Yang Xiangbo	Xiang Rong Investment	Beneficial owner	100	100%

## OTHER INFORMATION

Save as disclosed above, as of 30 June 2014, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code; nor had there been any grant or exercise of rights of such interests during the six months ended 30 June 2014.

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

As of 30 June 2014, the following persons (other than a Director or chief executive of the Company), had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

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

Name	Capacity	Number of Shares	Percentage of shareholding
Shirble BVI	Beneficial owner	1,662,487,500	66.6%
Xiang Rong Investment	Interest in a controlled corporation	1,662,487,500	66.6%

Save as disclosed above, as of 30 June 2014, the Directors are not aware of any person (other than a Director or chief executive of the Company) who had any interests or short positions in shares or, underlying shares of the Company as recorded in the register required to be kept under sector 336 of the SFO.

## OTHER INFORMATION

### SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Scheme**”) pursuant to the resolutions of the shareholders of the Company passed on 30 October 2010. The purpose of the Scheme is to recognise and acknowledge the contributions that the Group’s Directors and employees, customers, suppliers, agents, business or joint venture partners, consultants, distributors, promoters, service providers, advisors or contractors to any member of the Group have made or may make to the business development of the Group. Apart from the determination of the subscription price, the Directors will have an absolute discretion on imposing performance targets on the option holders before any option that can be exercised with reference to the objectives of the Scheme. A consideration of HK\$1.0 will be payable upon acceptance of the offer. The Scheme will remain in force until 29 October 2020. Details of the Scheme were disclosed in the prospectus of the Company dated 5 November 2010.

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



## OTHER INFORMATION

### EMPLOYEES' SHARE AWARD SCHEME

The Company has adopted an employees' share award scheme ("**Employees' Share Award Scheme**") on 22 January 2014 ("**The Adoption Date**").

The purpose of the Employees' Share Award Scheme is to recognise and reward eligible employees for their contributions to the business and development of the Group, provide incentives to eligible employees for their satisfactory performance, and align the interest of the eligible employees with the interest of the Group through the grant of the award. Unless terminated earlier or extended by the Board in accordance with the rules of the Employees' Share Award Scheme, the Employees' Share Award Scheme operates for ten years commencing on the Adoption Date. The Board will not grant further award which will result in the number of Shares that may be transferred to the participants under the Employees' Share Award Scheme to exceed 2.0% of the total number of Shares in issue as of the Adoption Date. The maximum number of the Award Shares which may be granted to a Participant but unvested under the Employees' Share Award Scheme will not exceed 0.1% of the total number of Shares in issue as of the Adoption Date. Eligible employees will include different levels of employee of the Group, the total number of which will not be more than 200.

For details of the Employees' Share Award Scheme, please refer to the announcement of the Company dated 22 January 2014.

Since the Adoption Date and up to the date of this report, no awards have been granted under the Employees' Share Award Scheme.

### PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2014.

## CORPORATE INFORMATION

### DIRECTORS

*Executive Directors:*

YANG Xiangbo  
YANG Ti Wei

*Independent non-executive Directors:*

ZHAO Jinlin  
CHEN Fengliang  
JIANG Hongkai  
FOK Hei Yu

### AUDIT COMMITTEE OF THE BOARD

ZHAO Jinlin (*Chairperson*)  
CHEN Fengliang  
JIANG Hongkai  
FOK Hei Yu

### REMUNERATION COMMITTEE OF THE BOARD

CHEN Fengliang (*Chairperson*)  
YANG Xiangbo  
JIANG Hongkai  
FOK Hei Yu

### NOMINATION COMMITTEE OF THE BOARD

JIANG Hongkai (*Chairperson*)  
YANG Xiangbo  
ZHAO Jinlin  
FOK Hei Yu

### COMPANY SECRETARY

CHAN Chore Man, Germaine, CPA

### AUTHORISED REPRESENTATIVES

YANG Xiangbo  
CHAN Chore Man, Germaine, CPA

### AUDITOR

PricewaterhouseCoopers  
22nd Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

### HONG KONG LEGAL ADVISORS

Squire Patton Boggs  
29th Floor, Edinburgh Tower  
The Landmark  
15 Queen's Road Central  
Central, Hong Kong

### PRINCIPAL BANKERS

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

*In Hong Kong*  
The Hongkong and Shanghai Banking Corporation Limited  
UBS AG

## CORPORATE INFORMATION

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

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 SHARE REGISTRAR

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

### REGISTERED OFFICE

Cricket Square, Hutchins Drive  
P.O. Box 2681, Grand Cayman  
KY1-1111  
Cayman Islands

### PRINCIPAL PLACE OF BUSINESS AND HEADQUARTER IN PRC

11/F, Tower 2  
2028 Jintian Road  
Huanggang Business Centre  
Futian District  
Shenzhen  
PRC

### PLACE OF BUSINESS IN HONG KONG

Suite 1402, Dah Sing Financial Centre  
108, Gloucester Road  
Wanchai  
Hong Kong

### COMPANY'S WEBSITE

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

### STOCK CODE

00312.HK