



銀泰商業

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



INTIME RETAIL



2014 INTERIM
REPORT



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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 16 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 30 June 2014, the Group operated and managed a total of 30 department stores and 10 shopping centres with a total gross floor area of 2,117,116 square meters, including 20 department stores and 6 shopping centres located in the principal cities of Zhejiang province, 6 department stores located in Hubei province, 1 department store located in Beijing, 2 shopping centres 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

(resigned on 5 September 2014)

ZHANG Yong (appointed on 7 July 2014)

LEE Hon Chiu (appointed on 5 September 2014)

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

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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

Interim Condensed Consolidated Statement of Profit or Loss

For the six months period ended 30 June 2014

	Notes	For the six months period ended 30 June	
		2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
Revenue	4	2,351,514	2,275,402
Other income and gains	5	290,219	455,779
Purchases of goods and changes in inventories	6	(743,835)	(772,399)
Staff costs	6	(377,098)	(299,766)
Depreciation and amortisation	6	(247,774)	(213,736)
Other expenses		(735,798)	(609,005)
Share of profits and losses of:			
Joint ventures		(23,773)	1,211
Associates		155,629	156,373
Finance income	7	110,329	115,741
Finance costs	7	(68,949)	(89,656)
Profit before tax		710,464	1,019,944
Income tax expense	8	(180,311)	(255,339)
Profit for the period		530,153	764,605
Attributable to:			
Owners of the parent		507,460	732,452
Non-controlling interests		22,693	32,153
		530,153	764,605
Interim dividends	9	223,058	200,261
Earnings per share attributable to ordinary equity holders of the parent (expressed in RMB per share)			
Basic			
– For profit for the period	10	0.25	0.36
Diluted			
– For profit for the period	10	0.25	0.36

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months period ended 30 June 2014

	For the six months period ended	
	30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit for the period	530,153	764,605
Other comprehensive income		
<i>Other comprehensive loss to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(25,635)	(15,888)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	(25,635)	(15,888)
Other comprehensive loss for the period, net of tax	(25,635)	(15,888)
Total comprehensive income for the period	504,518	748,717
Attributable to:		
Owners of the parent	481,825	716,564
Non-controlling interests	22,693	32,153
	504,518	748,717

Interim Condensed Consolidated Statement of Financial Position

30 June 2014

	Notes	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	5,777,588	5,747,773
Investment properties	11	3,998,020	2,367,439
Prepaid land lease payments	11	1,712,163	2,057,696
Prepayments, deposits and other receivables	13	176,924	330,084
Goodwill		650,781	650,781
Other intangible assets		38,169	30,049
Prepaid rental		65,071	64,435
Investment in a joint venture		206,628	230,401
Interests in associates		2,391,851	2,378,314
Loans and receivables – third parties		5,654	35,654
Loans and receivables – related parties	26	397,110	696,648
Held-to-maturity investments		–	12,000
Deferred tax assets		210,118	190,237
Total non-current assets		15,630,077	14,791,511
CURRENT ASSETS			
Inventories	12	395,098	484,193
Properties under development	11	1,299,547	905,067
Prepayments, deposits and other receivables	13	1,155,156	1,115,029
Loans and receivables – third parties		130,648	100,290
Loans and receivables – related parties	26	452,030	294,625
Due from related parties	26	1,430,898	1,294,440
Trade receivables	14	32,562	44,628
Cash in transit	15	57,249	131,336
Pledged deposits	16	67,000	67,000
Restricted bank balances	16	64,543	195,915
Cash and cash equivalents	16	1,570,584	1,738,513
		6,655,315	6,371,036
Assets of disposal group classified as held for sale		856,509	1,393,739
Total current assets		7,511,824	7,764,775

Interim Condensed Consolidated Statement of Financial Position

30 June 2014

	Notes	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
CURRENT LIABILITIES			
Trade and bills payables	17	1,738,133	1,782,148
Other payables and accruals	18	4,927,582	4,717,171
Guaranteed bonds due July 2014	19	999,908	998,374
Interest-bearing bank and other borrowings	19	2,048,144	1,709,200
Due to related parties	26	126,924	14,183
Tax payable		296,471	401,660
		10,137,162	9,622,736
Liabilities directly associated with the assets classified as held for sale		167,940	144,688
Total current liabilities		10,305,102	9,767,424
NET CURRENT LIABILITIES		(2,793,278)	(2,002,649)
TOTAL ASSETS LESS CURRENT LIABILITIES		12,836,799	12,788,862
NON-CURRENT LIABILITIES			
Other payables and accruals	18	376,002	288,786
Interest-bearing bank and other borrowings	19	2,742,641	3,044,942
Deferred tax liabilities		398,503	402,560
Deferred subsidy income		49,778	49,341
Total non-current liabilities		3,566,924	3,785,629
NET ASSETS		9,269,875	9,003,233
EQUITY			
Equity attributable to owners of the parent			
Issued capital	20	154	154
Reserves		8,264,584	7,759,433
Proposed final dividend		–	220,675
		8,264,738	7,980,262
Non-controlling interests		1,005,137	1,022,971
Total equity		9,269,875	9,003,233

Interim Condensed Consolidated Statement of Changes in Equity

For the six months period ended 30 June 2014

	Attributable to owners of the parent													
	Issued capital RMB'000 (note 20)	Share premium RMB'000	Capital redemption reserve RMB'000	Capital reserve RMB'000	Reserve for fair value changes of available-for-sale investments RMB'000	Discretionary reserves fund RMB'000	Statutory reserves RMB'000	Retained profits RMB'000	Exchange fluctuation reserve RMB'000	Share option reserve RMB'000 (note 21)	Proposed final dividend RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014	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
Profit for the period	-	-	-	-	-	-	-	507,460	-	-	-	507,460	22,693	530,153
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	(25,635)	-	-	(25,635)	-	(25,635)
Total comprehensive income for the period	-	-	-	-	-	-	507,460	(25,635)	-	-	-	481,825	22,693	504,518
Exercise of share options	-	19,383	-	-	-	-	-	-	(4,585)	-	-	14,798	-	14,798
Transfer of share option reserve upon the forfeiture or expiry of share options	-	-	-	-	-	-	9,925	(9,925)	-	-	-	-	-	-
Equity-settled share option arrangements	-	-	-	-	-	-	-	-	8,944	-	-	8,944	-	8,944
Contribution by non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	63,877	63,877
Dividend on shares issued for employee share options exercised after 31 December 2013	-	(416)	-	-	-	-	-	-	-	-	-	(416)	-	(416)
Dividend declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(10,260)	(10,260)
Final 2013 dividend declared	-	-	-	-	-	-	-	-	-	-	(220,675)	(220,675)	-	(220,675)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	63,817	63,817
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(157,961)	(157,961)
At 30 June 2014 (Unaudited)	154	3,902,491	5	385,971	59	7,032	504,642	3,450,160	(48,119)	62,343	-	8,264,738	1,005,137	9,269,875

Interim Condensed Consolidated Statement of Changes in Equity

For the six months period ended 30 June 2014

	Attributable to owners of the parent															
	Issued capital RMB'000 (note 20)	Treasury shares RMB'000 (note 20)	Share premium RMB'000	Capital redemption reserve RMB'000	Capital reserve RMB'000	Available-for-sale investments RMB'000	Discretionary reserves fund RMB'000	Statutory reserves RMB'000	Retained profits RMB'000	Exchange fluctuation reserve RMB'000	Equity component of convertible bonds RMB'000	Share option reserve RMB'000 (note 21)	Proposed dividend RMB'000	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 period	-	-	-	-	-	-	-	732,452	-	-	-	-	-	732,452	32,153	764,605
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	(15,888)	-	-	-	-	(15,888)	-	(15,888)
Total comprehensive income for the period	-	-	-	-	-	-	-	732,452	(15,888)	-	-	-	-	716,564	32,153	748,717
Exercise of share options	1	-	60,914	-	-	-	-	-	-	-	(15,362)	-	-	45,553	-	45,553
Transfer of share option reserve upon the forfeiture or expiry of share options	-	-	-	-	-	-	-	-	-	-	-	(575)	-	-	-	-
Equity-settled share option arrangements	-	-	-	-	-	-	-	-	-	-	-	14,498	-	14,498	-	14,498
Contribution by non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	41,282	41,282
Dividend on shares issued for employee share options exercised after 31 December 2012	-	-	-	-	-	-	-	(1,140)	-	-	-	-	-	(1,140)	-	(1,140)
Dividend declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(21,360)	(21,360)
Final 2012 dividend declared	-	-	-	-	-	-	-	-	-	-	-	(180,274)	-	(180,274)	-	(180,274)
Repurchase of shares	-	(68,744)	-	-	-	-	-	-	-	-	-	-	-	(68,744)	-	(68,744)
At 30 June 2013 (Unaudited)	155	(68,744)	4,352,936	4	362,364	59	3,284	395,540	2,713,451	(68,063)	23,607	63,932	-	7,788,525	965,114	8,753,639

Interim Condensed Consolidated Statement of Cash Flows

For the six months period ended 30 June 2014

	Notes	For the six months period ended 30 June	
		2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		710,464	1,019,944
Adjustments for:			
Finance costs	7	68,949	89,656
Share of profits and losses of a joint venture		23,773	(1,211)
Share of profits and losses of associates		(155,629)	(156,373)
Finance income	7	(110,329)	(115,741)
Gain on disposal of items of property, plant and equipment		(46)	–
Gain on disposal of subsidiaries		(125,547)	(326,998)
Gain on disposal of available-for-sale investments		–	(672)
Gain on disposal of held-to-maturity investments		(1,059)	–
Equity-settled share option expense	21	8,944	14,498
Depreciation of property, plant and equipment	11	164,361	149,014
Depreciation of investment properties	11	54,172	37,524
Amortisation of prepaid land lease payments	11	27,361	24,262
Amortisation of other intangible assets		1,880	2,936
Amortisation of prepaid rental		142,581	36,922
		809,875	773,761
Decrease in restricted cash		307,236	4,333
Decrease in pledged deposits		–	73,000
Increase in prepayments, deposits and other receivables		(109,040)	(109,224)
Decrease in trade receivables		19,878	11,394
Decrease in cash in transit		74,087	255,667
Decrease in inventories		89,095	80,924
Decrease in trade and bills payables		(44,015)	(1,085,514)
Increase in advances from customers		392,248	334,820
Increase in amounts due from related parties		(46,595)	(70,000)
(Decrease)/increase in amounts due to related parties		(588)	33,903
Increase in properties under development		(295,364)	(71,687)
Decrease in other payables and accruals		(21,806)	(14,692)
Cash generated from operations		1,175,011	216,685

Interim Condensed Consolidated Statement of Cash Flows

For the six months period ended 30 June 2014

	Notes	For the six months period ended 30 June	
		2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
Interest paid		(115,542)	(188,420)
Income tax paid		(311,190)	(216,565)
Net cash flows from/(used in) operating activities		748,279	(188,300)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		67,495	81,682
Purchases of items of property, plant and equipment and investment properties		(949,843)	(875,694)
Purchases of other intangible assets		(10,001)	(42)
Acquisition of a subsidiary not constituting a business combination, net of cash acquired		(82,523)	–
Acquisition of equity interests in an associate		(9,880)	–
Capital injection to associates		–	(29,000)
Disposal of subsidiaries	22	279,970	83,287
Proceeds from disposal of held-to-maturity investments		13,059	–
Proceeds from disposal of available-for-sale investments		–	25,138
Advance from disposal of subsidiaries		87,216	78,100
Loans to a related party		–	(40,000)
Proceeds from disposal of items of property, plant and equipment		706	495
Advances to third parties		(33,600)	(189,097)
Repayment of advances from third parties		8,436	5,825
Loans and receivables made to third parties		–	(30,000)
Advances to related parties		(62,300)	(119,112)
Repayment of loans and receivables from third parties		–	237,000
Repayment of loans and receivables from a related party		150,000	–
Repayment of advances from related parties		–	18,877
Dividend received from an associate		100,000	–
Advances received from third parties		–	81,766
Repayment of advances to third parties		(34,562)	–
Receipt of government grants		38,344	–
Repayment from non-controlling shareholders		27,849	–
Net cash flows used in investing activities		(409,634)	(670,775)

Interim Condensed Consolidated Statement of Cash Flows

For the six months period ended 30 June 2014

	Notes	For the six months period ended 30 June	
		2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of share options		14,798	45,553
Capital contribution from non-controlling shareholders		63,877	41,282
Proceeds from interest-bearing bank and other borrowings		1,459,037	1,934,538
Repayments of interest-bearing bank and other borrowings		(1,875,174)	(1,309,334)
Dividends paid		(221,091)	(181,414)
Dividends paid to non-controlling shareholders		(10,260)	(21,360)
Repurchase of shares		–	(68,744)
Advance from a related party		20,593	–
Net cash flows (used in)/from financing activities		(548,220)	440,521
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of the period		1,814,440	2,243,986
Effect of foreign exchange rate changes, net		(6,780)	(27,919)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		1,598,085	1,797,513
Analysis of balances of cash and cash equivalents			
Cash and bank balances		1,570,584	1,698,608
Non-pledged time deposits with original maturity of less than three months when acquired		–	4,233
Cash and cash equivalents as stated in the statement of financial position	16	1,570,584	1,702,841
Cash and short term deposits attributable to the disposal group held for sale		27,501	94,672
Cash and cash equivalents as stated in the statement of cash flows		1,598,085	1,797,513

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2014

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, Uglund House, South Church Street, George Town, Grand Cayman, Cayman Islands. The Company and its subsidiaries (together the “Group”) are principally engaged in the operation and management of department stores 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.

2.1 BASIS OF PREPARATION

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

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

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2013, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) and interpretations as of 1 January 2014, noted below:

The following new standard and amendment to standards are mandatory for the first time for the financial year beginning 1 January 2014.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i>
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Notes to the Interim Condensed Consolidated Financial Statements

30 June 2014

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

HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> – <i>Offsetting Financial Assets and Financial Liabilities</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement</i> – <i>Novation of Derivatives and Continuation of Hedge Accounting</i>
HK (IFRIC)-Int 21	<i>Levies</i>

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

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

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

HKFRS 9	<i>Financial Instruments</i> ⁴
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	<i>Hedge Accounting</i> and amendments to HKFRS 9, HKFRS 7 and HKAS 39 ⁴
HKFRS 11 Amendments	Amendments to HKFRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i> ²
HKFRS 14	<i>Regulatory Deferral Accounts</i> ²
HKFRS 15	<i>Revenue from Contracts with Customers</i> ³
HKAS 16 and HKAS 38 Amendments	Amendments to HKAS 16 and HKAS 38 – <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ²
HKAS 19 Amendments	Amendments to HKAS 19 <i>Employee Benefits – Defined Benefit Plans: Employee Contributions</i> ¹
HKAS 16 and HKAS 41 Amendments	Amendments to HKAS 16 and HKAS 41 – <i>Agriculture: Bearer Plants</i> ²
HKAS 27 Amendments	Amendments to HKAS 27 <i>Equity Method in Separate Financial Statements</i> ²
<i>Annual Improvements 2010-2012 Cycle</i>	Amendments to a number of HKFRSs issued in January 2014 ¹
<i>Annual Improvements 2011-2013 Cycle</i>	Amendments to a number of HKFRSs issued in January 2014 ¹

¹ Effective for annual periods beginning on or after 1 July 2014

² Effective for annual periods beginning on or after 1 January 2016

³ Effective for annual periods beginning on or after 1 January 2017

⁴ Effective for annual periods beginning on or after 1 January 2018

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2014

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

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

3 SEGMENT INFORMATION

For management purposes, the Group has a single operating and reportable segment – the operation and management of department stores 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 amounted to 10 percent or more of the Group's revenue was derived from sales to a single customer for the six months period ended 30 June 2014 and 2013. All non-current assets (excluded financial instruments and deferred tax assets) of the Group are located in Mainland China.

4. REVENUE

	For the six months period ended	
	30 June	
	2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
Sale of goods – direct sale	891,227	921,266
Commissions from concessionaire sales	1,198,909	1,156,196
Rental income	236,039	175,422
Rental income from investment properties	135,519	105,740
Sublease rental income	66,796	53,559
Contingent rental income	33,724	16,123
Management fee income from operation of department stores	17,211	22,518
Others	8,128	–
	2,351,514	2,275,402

Notes to the Interim Condensed Consolidated Financial Statements

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4. REVENUE (CONTINUED)

The commissions from concessionaire sales are analysed as follows:

	For the six months period ended	
	30 June	
	2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
Gross revenue from concessionaire sales	6,764,550	6,668,424
Commissions from concessionaire sales	1,198,909	1,156,196

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

5. OTHER INCOME AND GAINS

	Notes	For the six months period ended	
		30 June	
		2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
Other income			
Advertisement, promotion and administration income		156,919	109,382
Supplementary income		17,987	21,574
Subsidy income		12,095	12,400
Others		16,555	19,811
		203,556	163,167
Gains/(losses)			
Gain on disposal of items of property, plant and equipment		46	–
Gain on disposal of subsidiaries	22	125,547	326,998
Others		(38,930)	(34,386)
		86,663	292,612
		290,219	455,779

Notes to the Interim Condensed Consolidated Financial Statements

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6. PROFIT BEFORE TAX

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

	Notes	For the six months period ended	
		30 June	
		2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
Purchases of goods and changes in inventories		743,835	772,399
Depreciation and amortisation		247,774	213,736
Staff costs (including directors' and chief executive's remuneration):		377,098	299,766
Wages, salaries and bonuses		283,159	225,621
Pension costs – defined contribution schemes		53,602	37,436
Welfare, medical and other benefits		31,393	22,211
Equity-settled share option expense		8,944	14,498
Utility expenses		136,605	109,759
Rental expenses		280,867	218,438
Credit card charges		43,789	45,593
Advertising expenses		106,023	87,614
Auditors' remuneration		1,000	1,000
Professional service charges		14,404	5,595
Other tax expenses		38,320	49,839
Direct operating expenses (including repairs and maintenance, but excluding depreciation and amortisation) arising on rental-earning investment properties		67,850	39,194
Rental income on investment properties less direct operating expenses of RMB67,850,000 (six months period ended 30 June 2013: RMB39,194,000)		(85,146)	(66,546)

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7. FINANCE INCOME/FINANCE COSTS

Finance income

	For the six months period ended	
	30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest income from bank deposits	10,506	7,673
Interest income from loans and receivables	39,751	62,651
Interest income from a joint venture	9,858	4,271
Interest income from associates	9,762	11,960
Other interest income	40,452	29,186
	110,329	115,741

Finance costs

	For the six months period ended	
	30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest expenses on bank loans and other borrowings		
wholly repayable within five years	100,136	67,579
Interest on convertible bonds	–	40,524
Interest on guaranteed bonds due July 2014	24,396	24,881
Less: Interest capitalised	(55,583)	(43,328)
	68,949	89,656

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8. INCOME TAX

	For the six months period ended	
	30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current income tax – Mainland China	199,299	273,692
Deferred taxation	(18,988)	(18,353)
	180,311	255,339

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% (six months period ended 30 June 2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

The subsidiaries incorporated in Singapore are subject to Singapore income tax at the rate of 17% (six months period ended 30 June 2013: 17%).

All the subsidiaries established in Mainland China are subject to corporate income tax (“CIT”) at the rate of 25% for the six months period ended 30 June 2014 (six months period ended 30 June 2013: 25%).

9. INTERIM DIVIDEND

On 20 August 2014, the board of directors of the Company resolved to declare an interim dividend of RMB0.10 per share for the six months period ended 30 June 2014 (six months period ended 30 June 2013: RMB0.10).

The calculation of the interim dividend for the six months ended 30 June 2014 is based on the declared interim dividend per ordinary share, and the total number of ordinary shares as at 20 August 2014.

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

The calculation of basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary share of 2,007,840,610 (six months period ended 30 June 2013: 2,010,713,665) in issue during the period.

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

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

	For the six months period ended	
	30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	507,460	732,452
Interest on convertible bonds	–	40,524
Profit attributable to ordinary equity holders of the parent before interest on convertible bonds	507,460	772,976
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	2,007,840,610	2,010,713,665
Effect of dilution – weighted average number of ordinary shares:		
Share options	4,553,166	9,817,707
Convertible bonds	–	151,996,868
Weighted average number of ordinary shares used in diluted earnings per share calculation	2,012,393,776	2,172,528,240

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

During the six months period ended 30 June 2014, the Group acquired property, plant and equipment and construction in progress with a cost of RMB822,731,000 (six months period ended 30 June 2013: RMB720,916,000). Depreciation for property, plant and equipment is approximately RMB164,361,000 (six months period ended 30 June 2013: RMB149,014,000) during the period.

During the six months period ended 30 June 2014, the Group acquired investment properties with a cost of RMB929,241,000 (six months period ended 30 June 2013: RMB124,775,000). Depreciation for investment properties is approximately RMB54,172,000 (six months period ended 30 June 2013: RMB37,524,000) during the period.

During the six months period ended 30 June 2014, amortisation for prepaid land lease payments is RMB30,232,000 (including RMB2,871,000 capitalised in construction in progress) (six months period ended 30 June 2013: RMB28,033,000) during the period.

The Group pledged certain of its buildings and investment properties to secure the Group's banking facilities. The carrying amounts of these buildings, construction in progress and investment properties as at 30 June 2014 are approximately RMB1,829,763,000 (31 December 2013: RMB2,365,280,000) (note 19).

The Group pledged certain of prepaid land lease payments to secure the Group's banking facilities. The carrying amounts of these prepaid land lease payments as at 30 June 2014 are approximately RMB934,606,000 (31 December 2013: RMB1,161,816,000) (note 19).

The Group pledged certain of properties under development to secure the Group's banking facilities. The carrying amounts of these pledged properties under development as at 30 June 2014 are approximately RMB10,861,000 (31 December 2013: RMB460,383,000) (note 19).

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 RMB485,682,000 as at 30 June 2014 (31 December 2013: RMB491,401,000), is in process.

Notes to the Interim Condensed Consolidated Financial Statements

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12. INVENTORIES

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Store merchandise, at cost or net realisable value	392,668	481,496
Low value consumables	2,430	2,697
	395,098	484,193

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Current :		
Advance to subsidiaries disposed of	51,646	144,160
Rental deposits	89,461	86,101
Prepaid rental	19,645	17,005
Advances to suppliers	21,892	27,720
Advances to third parties	451,364	410,799
Prepaid tax	162,731	75,099
Prepayments	40,452	88,808
Guarantee deposits	44,848	45,271
Dividend receivable from an associate	150,000	100,000
Others	123,117	120,066
	1,155,156	1,115,029

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13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Non-Current :		
Advance to the subsidiary disposed of	31,324	31,324
Deposit paid for prepaid land lease payment	55,600	55,600
Prepayment for acquisition of a subsidiary	–	153,160
Prepayment for acquisition of a non-controlling interest of a subsidiary	90,000	90,000
	176,924	330,084
	1,332,080	1,445,113

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

14. TRADE RECEIVABLES

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Trade receivables	32,562	44,628
Impairment	–	–
	32,562	44,628

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:

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14. TRADE RECEIVABLES (CONTINUED)

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Within 1 month	26,556	38,871
1 to 2 months	1,462	1,905
2 to 3 months	426	18
Over 3 months	4,118	3,834
	32,562	44,628

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

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Neither past due nor impaired	28,444	40,794
Less than one month past due	4,118	3,834
	32,562	44,628

15. CASH IN TRANSIT

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Cash in transit	57,249	131,336

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.

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16. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Cash and bank balances	1,702,127	2,001,428
Less: Pledged time deposit	(67,000)	(67,000)
Restricted bank balances	(64,543)	(195,915)
Cash and cash equivalents	1,570,584	1,738,513

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

17. TRADE AND BILLS PAYABLES

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

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Within 1 month	1,389,948	1,283,389
1 to 2 months	261,703	386,280
2 to 3 months	67,253	93,141
over 3 months	19,229	19,338
	1,738,133	1,782,148

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

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18. OTHER PAYABLES AND ACCRUALS

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Current:		
Payables for purchase of property, plant and equipment, investment properties and properties under development	467,274	526,379
Advances from customers	1,502,503	1,605,261
Advances from pre-sale of properties under development	1,812,673	1,317,667
Advances from third parties (note(i))	91,004	123,376
Other tax payables	160,274	247,979
Payroll and welfare payables	99,413	134,944
Deposits received from suppliers/concessionaires	286,089	232,720
Accruals	321,770	299,436
Accrued interest	26,982	29,019
Deferred revenue	49,620	43,326
Deferred government subsidy	1,275	3,012
Advances from disposal of subsidiaries	–	72,498
Others	108,705	81,554
	4,927,582	4,717,171
Non-current:		
Advances from disposal of subsidiaries	376,002	288,786
	5,303,584	5,005,957

Note:

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

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19. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2014 (Unaudited)			31 December 2013 (Audited)		
	Effective/ contractual interest rate (%)	Maturity	RMB'000	Effective/ contractual interest rate (%)	Maturity	RMB'000
Current:						
Bank loans – unsecured	3.379-6.160	2014-2015	296,235	2.283-6.888	2014	250,449
Bank loans – secured (a)	1.779-7.500	2014-2015	1,257,137	1.600-7.500	2014	1,043,751
Current portion of long term bank loans – secured (a)	6.150-7.315	2014-2015	229,000	5.895-7.315	2014	385,000
Current portion of long term bank loans – unsecured	5.8425-5.895	2014-2015	45,000	2.55-6.15	2014	5,000
Secured other loans (a)	–	–	–	7.380	2014	25,000
Syndicated loan	LIBOR plus 230 basis points for US\$ borrowings and HIBOR plus 230 basis points for HK\$ borrowings	2015	220,772	–	–	–
			2,048,144			1,709,200
Guaranteed bonds due July 2014	Weighted average of 4.93	2014	999,908	Weighted average of 4.93	2014	998,374
			3,048,052			2,707,574
Non-current:						
Secured bank loans (a)	6.15-7.59	2015-2019	715,691	6.15-7.59	2015-2018	820,000
Unsecured bank loans	5.843	2016	40,000	5.843	2015-2016	50,000
Syndicated loan	LIBOR plus 230 basis points for US\$ borrowings and HIBOR plus 230 basis points for HK\$ borrowings	2016	1,986,950	LIBOR plus 230 basis points for US\$ borrowings and HIBOR plus 230 basis points for HK\$ borrowings	2015-2016	2,174,942
			2,742,641			3,044,942
			5,790,693			5,752,516

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

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Analysed into:		
Within one year or on demand	3,048,052	2,707,574
In the second year	2,363,641	844,988
In the third to fifth years, inclusive	341,500	2,199,954
Beyond five years	37,500	-
	5,790,693	5,752,516

Notes:

- (a) Secured bank and other loans of RMB2,201,828,000 as at 30 June 2014 were secured by certain of the Group's buildings, investment properties, prepaid land lease payment, properties under development and time deposits, the total carrying amount of which at 30 June 2014 was RMB2,842,230,000 (31 December 2013: RMB4,054,479,000) (note 11 and 16).
- (b) The Group has the following undrawn banking facilities:

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
At floating rate:		
Expiring within 1 year	756,053	105,363
Expiring within 2 to 4 years, inclusive	3,130,194	1,792,283
Expiring after 5 years	145,000	1,604,500
	4,031,247	3,502,146

The Group's banking facilities were secured by certain buildings, investment properties, construction in progress, properties under development and prepaid land lease payments (note 11) and time deposits (note 16).

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20. SHARE CAPITAL

During the period ended 30 June 2014, the movements in share capital were as follows:

The subscription rights attaching to 3,809,500 share options were exercised at the average subscription price of HK\$4.89 per share, resulting in the issue of 3,809,500 shares of US\$0.00001 each for a total cash consideration, before expenses, of HK\$18,630,000 (RMB14,798,000 equivalent). An amount of RMB4,585,000 was transferred from the share option reserve to the share premium account upon the exercise of the share options.

21. SHARE OPTION SCHEME

On 25 June 2014, 6,522,000 share options with an exercise price of HK\$6.85 were granted to certain management in respect of their service to the Group, under the share option schemes of the Company. Options granted become vested after certain period. An option may be exercised in accordance with the terms of the share option scheme any time during a period to be notified by the board to each grantee or to be resolved by the board at time of grant.

During the period ended 30 June 2014, the expense recognised in the statement of profit or loss for the share option scheme amounted to RMB8,944,000 (six months period ended 30 June 2013: RMB14,498,000).

22. DISPOSAL OF A SUBSIDIARY

	Note	For the six months period ended 30 June 2014 RMB'000
Net assets disposed of:		
Property, plant and equipment		200
Investment properties		366,452
Deposits, prepayments and other receivables		29,830
Trade receivables		2,101
Cash and cash equivalents		10,021
Other payables and accruals		(13,701)
Non-controlling interests		(157,961)
		236,942
Gain on disposal of a subsidiary	5	125,547
Satisfied by:		
Cash		362,489

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22. DISPOSAL OF A SUBSIDIARY (CONTINUED)

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

	For the six months period ended 30 June 2014 RMB'000
Cash consideration received in 2013	72,498
Cash consideration received in 2014	289,991
Cash and cash equivalents disposed of	(10,021)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	352,468

23. CONTINGENT LIABILITIES

- (1) As at 30 June 2014, the Group provided guarantees in respect of the mortgage facilities granted by certain banks to the purchasers of the Group's pre-sale properties amounted to RMB519,139,000 (31 December 2013: RMB342,541,000). Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to the banks. The Group is then entitled to take over the legal titles of the related properties. The Group's guarantee periods commence from the dates of grant of the relevant mortgage loans and end after the execution of individual purchasers' collateral agreements.

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

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23. CONTINGENT LIABILITIES (CONTINUED)

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

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Guarantees given to banks in connection with facilities granted to associates	648,000	648,000
Guarantees given to banks and other financial institutions in connection with borrowings to a joint venture	867,500	722,500

24. OPERATING LEASE ARRANGEMENTS

(a) As lessor

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

At 30 June 2014, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Within one year	443,117	277,604
In the second to fifth years, inclusive	1,246,711	805,550
After five years	863,777	617,957
	2,553,605	1,701,111

The amounts above include future minimum sublease payments expected to be received under non-cancellable subleases amounting to RMB890,117,000 as at 30 June 2014 (31 December 2013: RMB486,491,000).

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24. OPERATING LEASE ARRANGEMENTS (CONTINUED)

(b) As lessee

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

At 30 June 2014, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Within one year	590,474	533,636
In the second to fifth years, inclusive	2,773,386	2,738,850
After five years	8,570,985	8,914,718
	11,934,845	12,187,204

25. COMMITMENTS

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

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Contracted, but not provided for:		
Land and buildings	988,717	1,324,331
Leasehold improvements	125,897	168,738
	1,114,614	1,493,069
Authorised, but not contracted for:		
Land and buildings	8,484	330,808
Leasehold improvements	9,948	57,618
	18,432	388,426
	1,133,046	1,881,495

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25. COMMITMENTS (CONTINUED)

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

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Contracted, but not provided for	53,550	88,646

26. RELATED PARTY TRANSACTIONS

(a) Name and relationship of related parties

Name	Relationship
Mr. Shen Guojun	Shareholder of the Company
Intime International Holdings Limited ("Intime International")	Shareholder of the Company
Beijing Yintai Properties Co., Ltd. ("Beijing Yintai")	Controlled by Mr. Shen Guojun
China Yintai Holding Co., Ltd. ("China Yintai")	Controlled by Mr. Shen Guojun
Beijing Guojun Investment Co., Ltd. ("Beijing Guojun")	Controlled by Mr. Shen Guojun
Metro Land Corporation Land ("Metro Land")	24.83% of its shares were held by China Yintai
Hangzhou Zhongda Shengma Property Co., Ltd. ("Zhongda Shengma")	Associate of the Group
Anhui Hualun Gangwan Culture Investment Co., Ltd. ("Anhui Hualun")	Associate of the Group
Beijing Youyi Lufthansa Shopping City Co., Ltd. Beijing Lufthansa Centre ("Beijing Youyi Lufthansa")	Associate of the Group
Bozhou Hualun International Culture Investment Co., Ltd. ("Bozhou Hualun")	Associate of the Group
Zhejiang Intime Electronic Commerce Co., Ltd., ("Zhejiang Intime Electronic Commerce")	Associate of the Group
Hangzhou Xin Hubin Commercial Development Co., Ltd. ("Xin Hubin")	Joint venture
Beijing Intime Lotte Department Store Co., Ltd. ("Intime Lotte")	Joint venture of China Yintai

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26. RELATED PARTY TRANSACTIONS (CONTINUED)

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

Name	Relationship
Hangzhou Hubin International Commercial Development Co., Ltd. (“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 Shopping Centre Co., Ltd. (“Hangzhou Intime”)	Subsidiary of China Yintai
Zhejiang Fuqiang Properties Co., Ltd. (“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

(b) Transactions with related parties

The following transactions were carried out with related parties:

	For the six months period ended	
	30 June	
	2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
Rental expense and management fee expenses:		
Metro Land	1,150	1,150
Beijing Metro Land Property	–	22,254
Huzhou Jialefu (note (i))	16,792	–
	17,942	23,404

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2014

26. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties (continued)

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

	For the six months period ended	
	30 June	
	2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
Advances to related parties:		
Anhui Hualun (note (ii))	4,300	–
Xin Hubin	–	75,612
Bozhou Hualun (note (iii))	58,000	43,500
	62,300	119,112
Repayment of advances from a related party:		
Anhui Hualun	–	18,777
Loans and receivables made to a related party:		
Zhejiang Intime Electronic Commerce	–	40,000
Repayment of loans and receivables from related parties:		
Hangzhou Intime	152,654	15,167
Zhongda Shengma	27,814	23,398
	180,468	38,565
Interest income from related parties:		
Xin Hubin	10,385	8,573
Hangzhou Intime	1,967	15,064
Zhongda Shengma	27,680	23,269
Zhejiang Intime Electronic Commerce	8,688	8,085
Anhui Hualun	10,410	12,179
Bozhou Hualun	6,768	4,908
	65,898	72,078

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2014

26. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties (continued)

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

	For the six months period ended	
	30 June	
	2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
Management fee from a related party		
Beijing New Yansha	2,549	2,683
Customer payments to related parties by the Group's prepaid cards (net off the payments made by related parties' prepaid card used):		
Intime Lotte	506	(6,885)
Zhejiang Intime Electronic Commerce	(5,096)	(1,711)
Hubin International	45,804	2,528
Xin Hubin	(2,499)	577
	38,715	(5,491)
Payments of rental deposits:		
Fenghua Yintai	-	5,000
Huzhou Jialefu	-	2,500
	-	7,500
Advances from a related party:		
Beijing Metro Land Property	20,593	-
Commissions from a related party		
Zhejiang Intime Electronic Commerce (note (iv))	8,128	-
Sales of goods to a related party:		
Zhejiang Intime Electronic Commerce	-	104,032

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2014

26. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties (continued)

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

	For the six months period ended	
	30 June	
	2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
Guarantees provided by a related party:		
Intime International	–	200,814
Guarantees provided to related parties:		
Zhongda Shengma (note (v))	504,000	264,000
Xin Hubin (note (vi))	867,500	737,500
Anhui Hualun (note (vii))	600,000	–
	1,971,500	1,001,500
Acquisition of a subsidiary from a related party:		
Metro Land (note (viii))	255,267	–

Notes:

- (i) Pursuant to an agreement between Huzhou Jialefu and Zhejiang Intime Investment Co., Ltd. (“Zhejiang Intime Investment”), Zhejiang Intime Investment leased a building for its operation for a period from 28 June 2013 to 27 June 2033. With the establishment of Huzhou Yinjia Department Store Co., Ltd. (“Huzhou Yinjia”) subsequently in May 2013, the lease agreement was transferred to Huzhou Yinjia by Zhejiang Intime Investment.
- (ii) The Group provided Anhui Hualun advances amounting to RMB4,300,000 (six months period ended 30 June 2013: Nil) at one-year benchmark interest rate with no fixed repayment term.
- (iii) Anhui Province Huaqiao Hotel Company Limited (“Anhui Huaqiao Hotel”) provided advances amounting to RMB58,000,000 (six months period ended 30 June 2013: RMB43,500,000) to Bozhou Hualun at one-year benchmark interest rate with no fixed repayment term.
- (iv) In 2014, Intime Department Store (Hong Kong) Company Limited (“Intime HK”) and Sin Cheng Holdings Pte Ltd. (“Sin Cheng”) provided overseas procurements agent service to Zhejiang Intime Electronic Commerce.
- (v) Pursuant to a guarantee agreement among Zhejiang Intime Department Store Co., Ltd. (“Zhejiang Intime”), Zhongda Shengma and certain financial institutions, Zhejiang Intime provided guarantees to Zhongda Shengma with the amount of RMB504,000,000. As at 30 June 2014 the banking facilities granted to Zhongda Shengma by the Group were utilised to the extent of approximately RMB198,000,000 (six months period ended 30 June 2013: RMB154,000,000).

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2014

26. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties (continued)

Notes: (continued)

- (vi) Pursuant to guarantee agreements between Zhejiang Intime, Xin Hubin and certain financial institutions, Zhejiang Intime provided guarantees to Xin Hubin's borrowings with the amount of RMB867,500,000 (six months period ended 30 June 2013: RMB737,500,000).
- (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 30 June 2014, the banking facilities granted to Anhui Hualun guaranteed by the Group were utilised to the extent of approximately RMB450,000,000 (six months period ended 30 June 2013: Nil).
- (viii) On 11 December 2013, Hangzhou Intime Outlets Commercial Development Co., Ltd. ("Hangzhou Outlets"), entered into an equity transfer agreement with Metro Land, to purchase 80% equity interest in Jingtaixianghe Property Management Co., Ltd. ("Jingtaixianghe") for a total consideration of RMB255,267,000. On the acquisition date, there were no other assets and liabilities carried by Jingtaixianghe other than cash, bank borrowings and investment properties. The transaction was accounted for as an asset acquisition.

(c) Due from related parties

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

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Due from related parties:		
Metro Land	720	720
Xin Hubin	406,048	395,793
Ningbo Hualian Property	70	70
Beijing Metro Land Property	-	6,000
Anhui Hualun	402,387	387,677
Zhejiang Intime Electronic Commerce	337,194	281,646
Beijing New Yansha	2,264	5,087
Bozhou Hualun	269,715	204,947
Hangzhou Intime	5,000	5,000
Fenghua Yintai	5,000	5,000
Huzhou Jialefu	2,500	2,500
	1,430,898	1,294,440

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2014

26. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Due from related parties (continued)

The amounts due from Zhejiang Intime Electronic Commerce are mainly denominated in HK\$ and SG\$, 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.

(d) Loans and interest receivable from related parties

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Hangzhou Intime	–	150,687
Zhejiang Intime Electronic Commerce	296,249	287,561
Zhongda Shengma	552,891	553,025
	849,140	991,273

(e) Due to related parties

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

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Due to related parties:		
Huzhou Jialefu	3,206	1,446
Intime Lotte	1,155	679
Hangzhou Hubin International	9,233	12,058
Metro Land	25,523	–
Beijing Metro Land Property	87,807	–
	126,924	14,183

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2014

26. RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Due to related parties (continued)

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

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

(f) 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. With the establishment of Fenghua Intime Department Store Co., Ltd. (“Fenghua Intime”) subsequently in August 2012, the lease agreement was transferred to Fenghua Intime by Zhejiang Intime Investment. Fenghua Intime 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 Hangzhou Intime Sanjiang Commercial Development Co., Ltd. (“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. With the establishment of Huzhou Yinjia subsequently in May 2013, the lease agreement was transferred to Huzhou Yinjia by Zhejiang Intime Investment. Huzhou Yinjia 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 RMB649,179,000 from 1 January 2014 to 27 June 2033.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2014

26. RELATED PARTY TRANSACTIONS (CONTINUED)

(g) Key management compensation

	For the six months period ended	
	30 June	
	2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
Salaries, allowances and other benefits	3,283	3,205
Discretionary bonuses	2,574	1,886
Contributions to a retirement plan	308	322
Share option scheme	2,875	5,537
	9,040	10,950

27. FINANCIAL INSTRUMENTS BY CATEGORY

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

30 June 2014

Financial assets

	Loans and receivables RMB'000
Financial assets included in prepayments, deposits and other receivables	934,980
Trade receivables	32,562
Loans and receivables	985,442
Due from related parties	1,430,898
Cash in transit	57,249
Pledged deposits	67,000
Restricted bank balances	64,543
Cash and cash equivalents	1,570,584
	5,143,258

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2014

27. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

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

30 June 2014 (continued)

Financial liabilities

	Financial liabilities at amortised cost <i>RMB'000</i>
Trade and bills payables	1,738,133
Financial liabilities included in other payables and accruals	1,079,467
Due to related parties	126,924
Interest-bearing bank and other borrowings	4,790,785
Guaranteed bonds due July 2014	999,908
	8,735,217

31 December 2013

Financial assets

	Loans and receivables <i>RMB'000</i>	Held-to-maturity investments <i>RMB'000</i>	Total <i>RMB'000</i>
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

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2014

27. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

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

31 December 2013 (continued)

Financial liabilities

	Financial liabilities at amortised cost <i>RMB'000</i>
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
	<hr/> 8,676,839 <hr/>

28. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts and fair values of the Group's financial instruments are all reasonably approximate to fair values.

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.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2014

28. FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

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.

29. EVENTS AFTER THE REPORTING PERIOD

On 30 March 2014, the Company entered into a subscription agreement (the "Subscription Agreement") with Alibaba Investment Limited (the "Investor") to issue 220,541,892 ordinary shares and convertible bonds with an aggregate principal amount of HK\$3,706,066,630.16. On 7 July 2014, pursuant to the Subscription Agreement, 220,541,892 shares with subscription price of HK\$7.5335 per share and convertible bonds with an aggregate principal amount of HK\$3,706,066,630.16 have been duly issued to the Investor. Accordingly, immediately after the completion of the Subscription, there are 2,230,483,380 shares in issue. On the same date, the Company through its wholly owned subsidiary, Omni Win Limited, established a company (the "Investee") with the Investor with a strategic plan to develop online-to-offline business relating to shopping malls, department stores and supermarkets in the PRC. Pursuant to the investment agreement with the Investor, the Investor and Omni Win Limited are expected to contribute the US\$ equivalent of RMB80,100,000 and RMB19,900,000 respectively, representing 80.1% and 19.9% of the total issued capital of the Investee.

30. APPROVAL OF THE FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved and authorised for issue by the board of directors on 20 August 2014.

Management Discussion and Analysis

MACROECONOMIC OVERVIEW

In the first half of 2014, China maintained steady economic growth with a GDP growth rate of 7.4%. The prudent monetary policy and fiscal policy implemented by the government assisted in boosting domestic consumption and maintained stable economic development over the period. The total retail sales of consumer goods reached RMB12,419.9 billion in the first half of 2014, representing a year-on-year growth of 12.1%. The per capita disposable income of urban households increased by 9.6% year-on-year to RMB14,959 for the first six months of 2014.

The economy of Zhejiang province, where the Group has achieved a leading position, achieved a steady GDP growth rate of 7.2% year-on-year for the first half of 2014. Consumer spending in Zhejiang province remained well supported by the steady income growth and government policies to boost consumption. The total retail sales of consumer goods in Zhejiang province rose by 12.1% to RMB793.8 billion for the six months ended 30 June 2014. The per capita disposable income of urban households in Zhejiang province also increased by 9.4% year-on-year to RMB20,937 for the first six months of 2014.

The economy of Hubei province, where the Group has built up a significant presence, continued to grow steadily in the first half of 2014 with a GDP growth rate of 9.5% year-on-year. The total retail sales of consumer goods in Hubei province for the six months ended 30 June 2014 rose to RMB557.4 billion, representing a year-on-year growth of 12.9%. The per capita disposable income of urban households in Hubei province also increased by 9.9% year-on-year to RMB12,634 for the first six months of 2014.

The economy of Shaanxi province, where the Group is operating two department stores and one shopping centre, performed well in the first half of 2014 with a GDP growth rate of 9.7%. The total retail sales of consumer goods in Shaanxi province for the six months ended 30 June 2014 rose to RMB261.6 billion, representing a year-on-year growth of 13.0%. The per capita disposable income of urban households in Shaanxi province also increased by 9.8% year-on-year to RMB12,165 for the first six months of 2014.

The economy of Anhui province, where the Group has opened two shopping centres, also performed reasonably well in the first half of 2014 with a GDP growth rate of 9.3%. The total retail sales of consumer goods in Anhui province for the six months ended 30 June 2014 rose to RMB350.8 billion, representing a year-on-year growth of 13.1%. The per capita disposable income of urban households in Anhui province also increased by 9.8% year-on-year to RMB12,337 for the first six months of 2014.

OPERATIONAL REVIEW

For the six months ended 30 June 2014, the Group managed to achieve continuous growth in revenue amid an overall slowdown in the traditional retail industry and intensifying market competition. Total gross sales proceeds of the Group increased to RMB7,917.2 million, representing an increase of 1.7% compared with the same period last year. The year-on-year same store sales of the Group declined marginally by 2.4%. Excluding the sales from gold and jewelry products, the year-on-year same store sales growth of the Group was 0.7%. Total revenue increased to RMB2,351.5 million, representing an increase of 3.3% compared with the same period last year. Profit attributable to owners of the parent was RMB507.5 million, representing a decline of 30.7% compared with the same period last year.

Expansion of Network

During the period under review, the Group further strengthened its position as the leading department store and shopping mall operator in Zhejiang province by opening Huzhou Dongwu Intime City, Wenling Intime City and Taizhou Linhai Intime City between April and May 2014.

Huzhou Dongwu Intime City, with a gross floor area of approximately 104,000 square meters, is a one-stop shopping mall integrating fashion, leisure, shopping, entertainment and cultural facilities. Huzhou is in the north of Zhejiang province with Shanghai in its east and Hangzhou in its south, with a total area of 5,817 square kilometers and a total population of approximately 2,905,000. Huzhou Dongwu Intime City is located in the city centre area of Huzhou.

Wenling Intime City, with a gross floor area of approximately 100,000 square meters, is the first of its kind shopping mall in Wenling city. The mall brings together 300 well-known brands and services, many of which are new to Wenling, and aims to provide customers with a relaxed and stylish shopping and living experience.

Taizhou Linhai Intime City, with a gross floor area of approximately 118,000 square meters, is a one-stop shopping mall featuring the theme of “Youth, Fashion, Trend, Innovation, Education and Technology”. As the Group’s first lifestyle shopping mall in Taizhou, the mall aims to set a new standard for quality living, and to provide customers with stylish and comprehensive shopping experience.

In April 2014, Hefei Intime City, the Group’s second shopping mall in Hefei, commenced operations. With a gross floor area of approximately 80,800 square meters, Hefei Intime City is a flagship landmark shopping mall in the new municipal and cultural district of Hefei. Hefei Intime City mainly targets at modern urban households and fashionable citizens, and provides more than 200 fashion brands and one-stop shopping facilities, including boutique supermarkets, luxurious theaters, indoor theme park, games city, professional sport supermarket, national and international caterings, dental hospital and health maintenance services.

Management Discussion and Analysis

As at 30 June 2014, the Group operated and managed a total of 30 department stores and 10 shopping centres with a total gross floor area of 2,117,116 square meters, including 20 department stores and 6 shopping centres located in the principal cities of Zhejiang province, 6 department stores located in Hubei province, 1 department store located in Beijing, 2 shopping centres 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.

Strategic Cooperation with Alibaba

On 30 March 2014, the Company entered into a subscription agreement (the "Subscription Agreement") with Alibaba Investment Limited (a subsidiary of Alibaba Group Holding Limited) pursuant to which (i) the Company has conditionally agreed to issue and allot to Alibaba Investment Limited, and Alibaba Investment Limited has conditionally agreed to subscribe in cash for an aggregate of 220,541,892 ordinary shares of the Company at the subscription price of HK\$7.5335 per share (the "Subscription Shares"); (ii) the Company has conditionally agreed to issue and Alibaba Investment Limited has conditionally agreed to subscribe for convertible bonds of the Company with an aggregate principal amount of HK\$3,706,066,630.16 that can be convertible into ordinary shares of the Company at an initial conversion price of HK\$7.9102 per share (the "Convertible Bonds"); and (iii) the Company and Alibaba Investment Limited have undertaken to each other that each will use all reasonable endeavors to establish a joint venture (the "Joint Venture"). The ordinary resolutions to approve the Subscription Agreement and the whitewash waiver in relation to the Subscription Agreement were duly passed by the shareholders and the independent shareholders (as applicable) of the Company by way of poll at an extraordinary general meeting held on 24 June 2014.

Completion of the subscription of the Subscription Shares and Convertible Bonds took place on 7 July 2014. The Company plans to use the proceeds from the issue of Subscription Shares and Convertible Bonds for (i) synergizing the Group's online-to-offline (O2O) business with its omni-channel (泛渠道) strategies so as to create a highly convenient and impactful shopping experience; (ii) expansion of the Group's retail business network by opening of new stores; (iii) possible acquisition of high quality assets and/or retail businesses in order to complement the Group's retail business; (iv) repayment or prepayment of existing debt; and (v) general working capital.

On 7 July 2014, a joint venture contract was entered into by Alibaba Investment Limited, Omni Win Limited (a wholly-owned subsidiary of the Company), the Company and Golden Leading (Cayman) Holding Limited (the “JV Contract”) and the Joint Venture has been incorporated as Golden Leading (Cayman) Holding Limited (a company incorporated in the Cayman Islands). Pursuant to the JV Contract, each of Alibaba Investment Limited and the Company (through Omni Win Limited) is expected to contribute the US\$ equivalent of RMB80,100,000 and RMB19,900,000 respectively, representing 80.1% and 19.9% of the total issued share capital of the Joint Venture. The Joint Venture is expected to develop an online-to-offline (O2O) business relating to shopping malls, department stores and supermarkets in the PRC.

With effect from 7 July 2014, Mr. Zhang Yong, the chief operating officer of Alibaba Group Holding Limited, has been appointed as a non-executive director of the Company.

Consumption Solution Provider Driven by Big Data

The Group aims at becoming a consumption solution provider (消費解決方案提供商) driven by big data (大數據), so that shoppers could spend more time and have their needs fulfilled at any one of our newly designed department stores, shopping malls and online store. By analyzing data and the logic behind the consumption behaviors of customers, the Group targets at putting its customers’ needs first and providing one-to-one personalized services to its customers.

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 operations, 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 stores and online.

“Yintaobao”, an innovative membership service launched by the Group in March 2014, has attracted more than 5.4 million users as at 30 June 2014. It lays a solid foundation for the Group to further explore in O2O, deepen the notion of putting customers’ needs first, fasten omni-channel construction and better customers’ experience.

Management Discussion and Analysis

OUTLOOK

In the second half of the year, we believe the Chinese government will continue with its consistent and stable macroeconomics policies in order to maintain a reasonable rate of economic growth. In 2014, the government has set a GDP growth target of 7.5%. The Group will continue to maintain its long-term financial health and strong short-term financial liquidity, optimize its asset portfolio, and to improve future return on investments. The Group is an innovation-oriented enterprise that is always open to reforms and cooperation. With rapid development of technologies, we are clearly aware of the need to learn and apply new technologies to our business. We will be more proactive to adapt to changes of our customers.

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 and realize the online and offline interacting sales. Harnessing the information collected from big data, the Group seeks to employ omni-channel strategies and pull together multi- and cross-channel offerings, including physical stores and online platforms to create a highly convenient and impactful shopping experience to its customers.

The Group is confident about its future development and will strive to create more value for its shareholders through persistent efforts.

FINANCIAL REVIEW

Total gross sales proceeds and revenue

For the six months ended 30 June 2014, total gross sales proceeds of the Group (i.e., aggregate proceeds from direct sales, gross revenue from concessionaire sales, rental income, management fee income and other revenue) increased to RMB7,917.2 million, representing an increase of 1.7% from RMB7,787.6 million recorded in the corresponding period of last year. The growth was mainly contributed by the inclusion of the sales performances of the new stores opened in the latter half of 2013 and the first half of 2014.

Among the total gross sales proceeds of the Group, total sales proceeds from concessionaire sales accounted for 85.4% (2013 first half: 85.6%) and those derived from direct sales accounted for 11.3% (2013 first half: 11.8%). Sales proceeds from concessionaire sales increased by 1.4% to RMB6,764.6 million in the first half of 2014. The commission rate of concessionaire sales was approximately 17.7% in the first half of 2014, which was better than the concessionaire rate of 17.3% recorded in the first half of 2013.

Affected by the increasingly competitive market environment, total sales proceeds from direct sales declined by 3.3% to RMB891.2 million in the first half of 2014. Direct sales margin was approximately 16.5% for the six months ended 30 June 2014, which was better than the sales margin of 16.2% recorded in the first half of 2013.

Rental income increased by 34.5% to RMB236.0 million in the first half of 2014. The increase was mainly due to a more efficient use of the rental area and an increase in rentable areas from the new stores opened in the latter half of 2013 and the first half of 2014.

The Group's total revenue for the six months ended 30 June 2014 amounted to RMB2,351.5 million, representing an increase of 3.3% as compared with RMB2,275.4 million recorded in the same period of last year. The Group will conduct regular reviews on the performance of the suppliers and concessionaires, with an aim to enhance and strengthen the merchandize mix and to provide better shopping choices to its customers.

Other income and gains

For the six months ended 30 June 2014, the Group's other income amounted to RMB203.6 million, representing an increase of 24.8% from RMB163.2 million recorded for the corresponding period of last year. The increase was largely due to an increase in advertisement, promotion and administration income during the period under review.

Other gains of the Group amounted to RMB86.7 million for the six months ended 30 June 2014 (2013 first half: RMB292.6 million), which was mainly comprised of a gain from the completion of the disposal of equity interest in 嘉興銀泰梅灣新天地投資管理有限公司 (Jiaying Intime Meiwan Xintiandi Investment and Management Company Limited) as disclosed in the Company's announcement dated 4 November 2013.

Purchase of goods and change in inventories

The purchase of goods and changes in inventories represent the cost of the direct sales. In line with the decline of direct sales, the Group's cost of sales declined to RMB743.8 million for the six months ended 30 June 2014, representing a decrease of 3.7% from RMB772.4 million recorded in the corresponding period of last year.

Staff costs

For the six months ended 30 June 2014, the Group's staff costs increased to RMB377.1 million, representing an increase of 25.8% from RMB299.8 million recorded in the corresponding period of last year. The increase was mainly due to the inclusion of the staff costs for the new stores opened in the latter half of 2013 and the first half of 2014 and a general wage rise. Staff costs as a percentage of total revenue in first half of 2014 was 16.0%, which was higher than 13.2% recorded in the same period of last year.

Management Discussion and Analysis

Depreciation and amortisation

For the six months ended 30 June 2014, Group's depreciation and amortisation increased to RMB247.8 million, representing an increase of 16.0% from RMB213.7 million recorded in the corresponding period of last year. The increase was primarily due to the inclusion of depreciation and amortization costs for the new stores opened in the latter half of 2013 and the first half of 2014. Depreciation and amortisation as a percentage of total revenue in first half of 2014 was 10.5%, which was higher than 9.4% recorded in the same period of last year.

Other operating expenses

Other operating expenses, which mainly consisted of utility expenses, rental expenses, advertising expenses, credit card charges and other tax expenses, amounted to RMB735.8 million for the six months ended 30 June 2014, representing an increase of 20.8% from RMB609.0 million recorded in the same period of last year. Other expenses as a percentage of total revenue in first half of 2014 was 31.3%, which was higher than 26.8% recorded in the same period of last year.

Share of losses of a joint venture

This refers to the share of losses in Hangzhou Xin Hubin Commercial Development Co. Ltd. ("Xin Hubin"), a joint venture of the Company. The share of losses of Xin Hubin for the six months ended 30 June 2014 amounted to RMB23.8 million, which was mainly due to the depreciation and interest expenses incurred by Xin Hubin.

Share of profits and losses of associates

The share of net profits of associates for the six months ended 30 June 2014 amounted to RMB155.6 million, representing a slight decrease of 0.5% from RMB156.4 million recorded in the corresponding period of last year. The share of profits and losses of associates mainly represents the Group's share of results of its equity interests in Beijing Youyi Lufthansa Shopping City Co., Ltd. Beijing Lufthansa Centre and Wuhan Department Store Group Co., Ltd.

Finance income

For the six months ended 30 June 2014, finance income of the Group amounted to RMB110.3 million, representing a slight decrease of 4.7% from RMB115.7 million recorded in the corresponding period of last year.

Finance costs

For the six months ended 30 June 2014, finance costs of the Group amounted to RMB68.9 million, representing a substantial decrease of 23.2% from RMB89.7 million recorded in the corresponding period of last year. Such decrease was mainly due to a redemption of the convertible bonds of the Company on 27 October 2013.

Income tax expense

The Group's income tax expenses for the six months ended 30 June 2014 amounted to RMB180.3 million, representing a decrease of 29.4% from RMB255.3 million recorded in the first half of 2013. Effective tax rate of the Group for the six months ended 30 June 2014 was 25.4% (2013 first half: 25.0%).

Profit for the period

As a result of the reasons mentioned above, profit for the six months ended 30 June 2014 amounted to RMB530.2 million, representing a decline of 30.7% from RMB764.6 million recorded in the corresponding period of last year.

Profit attributable to owners of the parent

Profit attributable to owners of the parent for the six months ended 30 June 2014 amounted to RMB507.5 million, representing a decline of 30.7% from RMB732.5 million recorded in the corresponding period of last year.

Liquidity and financial resources

The Group's cash and cash equivalents amounted to RMB1,570.6 million as at 30 June 2014, representing a decrease of RMB167.9 million from the balance of RMB1,738.5 million as at 31 December 2013. During the period under review, the Group's net cash inflow in operating activities amounted to RMB748.3 million, the net cash outflow from financing activities amounted to RMB548.2 million and the net cash outflow in investment activities amounted to RMB409.6 million.

As at 30 June 2014, the Group's borrowings, including bank and other borrowings and RMB guaranteed bonds amounted to RMB5,790.7 million (31 December 2013: RMB5,752.5 million). The gearing ratio, calculated by the total interest-bearing bank and other borrowings and guaranteed bonds over the total assets of the Group, decreased to 25.0% (31 December 2013: 25.5%).

On 21 July 2014, the RMB guaranteed bonds with an aggregate principal amount of RMB1,000,000,000 were redeemed by the Company.

Management Discussion and Analysis

Net current liabilities and net assets

The net current liabilities of the Group as at 30 June 2014 amounted to RMB2,793.3 million, while it was RMB2,002.6 million as at 31 December 2013. Net assets of the Group as at 30 June 2014 amounted to RMB9,269.9 million, representing an increase of 3.0% from RMB9,003.2 million as at 31 December 2013.

Pledge of assets

Certain buildings, investment properties, land use rights, properties under development and time deposits with a carrying amount of RMB2,842.2 million have been pledged to the Industrial and Commercial Bank of China, Agricultural Bank of China, China CITIC Bank, Bank of China, and Standard Chartered Bank to obtain bank facilities in the aggregate amount of RMB5,493.6 million as at 30 June 2014. 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 dual-currency term loan facility with a syndicate of banks is denominated in Hong Kong dollars and United States dollars. In addition, the Company pays dividends in Hong Kong dollars. Any significant exchange rate fluctuations of Hong Kong dollars and United States dollars against RMB may have financial impacts 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.

Staff and remuneration policy

As at 30 June 2014, the total number of employees of the Group was 9,144. 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 23 to the Interim Condensed Consolidated Financial Statements.

Other Information

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

As at 30 June 2014, 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⁾	721,014,015	35.87%
Mr. Chen Xiaodong	Beneficial owner ⁽³⁾	16,450,000	0.82%

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 15,700,000 shares of the Company.

Other Information

Save as disclosed above, as at 30 June 2014, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2014, so far as is known to any Director or chief executive of the Company, the persons (other than the Directors and the chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, which were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group were as follows:

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	35.66%
Glory Bless Limited	Interest of controlled corporation ⁽²⁾	L716,814,015	35.66%
Intime International Holdings Limited	Beneficial Owner ⁽²⁾	L716,814,015	35.66%
JPMorgan Chase & Co.	Beneficial owner, investment manager and custodian corporation/ approved lending agent	L100,488,865 S673,751 P92,998,060	5.00% 0.03% 4.63%
GIC private Limited	Investment Manager	L180,099,789	8.96%
Comax Investment Limited	Beneficial Owner ⁽³⁾	L147,664,835	7.35%

Name of shareholders	Nature of Interest	Number and Class of Securities ⁽¹⁾	Approximate percentage of interest in such corporation
Henderson Development Limited	Interest of controlled corporation ⁽³⁾	L147,664,835	7.35%
Henderson Land Development Company Limited	Interest of controlled corporation ⁽³⁾	L147,664,835	7.35%
Hopkins (Cayman) Limited	Interest of controlled corporation ⁽³⁾	L147,664,835	7.35%
Lee Shau Kee	Interest of controlled corporation ⁽³⁾	L147,664,835	7.35%
Riddick (Cayman) Limited	Trustee ⁽⁴⁾	L147,664,835	7.35%
Rimmer (Cayman) Limited	Trustee ⁽⁴⁾	L147,664,835	7.35%
Wellington Management Company, LLP	Investment Manager	L136,857,769	6.81%
Alibaba Investment Limited	Beneficial Interest ⁽⁵⁾	L710,142,614	35.33%
Alibaba Group Holding Limited	Interest in controlled corporation ⁽⁵⁾	L710,142,614	35.33%
SoftBank Corp.	Interest in controlled corporation ⁽⁵⁾	L710,142,614	35.33%

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 66.20% 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.
- (5) Alibaba Investment Limited is wholly owned by Alibaba Group Holding Limited. Alibaba Group Holding Limited is owned as to 35.68% by SoftBank Corp. Accordingly, each of Alibaba Group Holding Limited and SoftBank Corp. is deemed to be interested in all the shares in which Alibaba Investment Limited is interested.

Other Information

Save as disclosed above, as at 30 June 2014, so far is known to the Directors or the chief executive of the Company, no other person (not being a Director or chief executive of the Company) had any interests or short positions in the shares, underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or, who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

SHARE OPTION SCHEME

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

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

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

The movements in share options granted under the share option scheme adopted by the Company for the six months ended 30 June 2014 are shown below:

Name or category of participant	Date of Grant	Exercise Price per share HK\$	Number of share options					As at 30 June 2014	Exercise Period	Closing price immediately before the date of grant HK\$	Weighted Average closing price immediately before the date of exercise HK\$
			As at 1 January 2014	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Director & Chief Executive Officer Chen Xiaodong	11/4/2008	5.64	300,000	-	-	-	-	300,000	12/4/2009-11/4/2014	5.60	-
	18/9/2008	3.56	300,000	-	-	-	-	300,000	19/9/2009-18/9/2014	3.20	-
	4/3/2009	1.88	450,000	-	-	-	-	450,000	5/3/2010-4/3/2015	1.83	-
	28/8/2009	6.63	4,500,000	-	-	-	-	4,500,000	29/8/2010-28/8/2015	5.15	-
	26/5/2010	6.49	2,250,000	-	-	-	-	2,250,000	27/5/2011-26/5/2016	6.24	-
	1/4/2011	10.77	2,000,000	-	-	500,000	-	1,500,000	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	-
	25/6/2014	6.85	-	2,800,000	-	-	-	2,800,000	26/6/2015-25/6/2020	6.80	-
Other employees in aggregate	11/4/2008	5.64	915,500	-	915,000	500	-	-	12/4/2009-11/4/2014	5.60	8.29
	18/9/2008	3.56	899,500	-	195,000	-	-	704,500	19/9/2009-18/9/2014	3.20	8.16
	4/3/2009	1.88	2,794,500	-	951,500	-	-	1,843,000	5/3/2010-4/3/2015	1.83	8.02
	20/10/2009	5.50	500,000	-	-	-	-	500,000	21/10/2010-20/10/2015	5.35	-
	26/5/2010	6.49	7,224,000	-	1,628,000	-	147,000	5,449,000	27/5/2011-26/5/2016	6.24	7.99
	26/8/2010	9.00	1,200,000	-	-	-	-	1,200,000	27/8/2011-26/8/2016	8.93	-
	1/4/2011	10.77	13,213,000	-	-	3,260,000	310,000	9,643,000	2/4/2012-1/4/2017	10.56	-
	22/6/2012	7.56	15,840,000	-	120,000	-	643,000	15,077,000	23/6/2013-22/6/2018	7.35	9.03
	10/4/2013	9.27	5,654,000	-	-	-	496,000	5,158,000	11/4/2014-10/4/2019	9.05	-
25/6/2014	6.85	-	3,722,000	-	-	-	3,722,000	26/6/2015-25/6/2020	6.80	-	
Total			61,640,500	6,522,000	3,809,500	3,760,500	1,596,000	58,996,500			

Other Information

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

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

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the six months ended 30 June 2014.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

To the knowledge and belief of the Directors, the Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and are not aware of any non-compliance with the CG Code for the six months ended 30 June 2014.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. All Directors have confirmed that throughout the six months ended 30 June 2014, they have complied with the required standard set out in the Model Code.

INTERIM DIVIDEND

The Board has declared the payment of an interim dividend of RMB0.10 per share for the six months ended 30 June 2014 (six months ended 30 June 2013: RMB0.10 per share) to shareholders whose names appear on the register of members of the Company on 10 October 2014. The interim dividend will be paid in Hong Kong dollars, such amount is to be calculated by reference to the middle rate published by People's Bank of China for the conversion of Renminbi to Hong Kong dollar as at 10 October 2014. The interim dividend will be payable on or around 7 November 2014.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders' entitlement to the interim dividend, the register of members of the Company will be closed from Tuesday, 7 October 2014 to Friday, 10 October 2014, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the declared interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 pm on Monday, 6 October 2014.

APPOINTMENT OF DIRECTOR

Mr. Zhang Yong was appointed as a non-executive Director of the Company with effect from 7 July 2014.

DISCLOSURE PURSUANT TO RULE 13.18 AND 13.21 OF THE LISTING RULES

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").

Pursuant to the terms of the Term Loan Facility, it is, among others, an event of default if at any time when the entire or part of the Term Loan Facility remains outstanding, Mr. Shen Guojun, the Company's Chairman and Executive Director, ceases to (i) be the single largest shareholder of the Company; (ii) hold, directly or indirectly, at least 30% of the total issued share capital of the Company; (iii) be the chairman of the Board; or (iv) exercise power to direct the policies and management of the Company, whether by contract or otherwise. Upon occurrence of an event of default, all loans together with accrued interest and any other amounts accrued under the Term Loan Facility may become immediately due and payable. As at the latest practicable date, none of the above events of default has occurred.

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The Audit Committee of the Board has reviewed the unaudited interim results of the Group for the six months ended 30 June 2014 and considered that the results complied with the relevant accounting standards, rules and regulations and appropriate disclosure has been duly made. The Audit Committee has three members comprised of three independent non-executive Directors, namely, Mr. Chow Joseph, Mr. Shi Chungui and Mr. Yu Ning. Mr. Chow Joseph is the chairman of the Audit Committee.

Other Information

PUBLICATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.intime.com.cn>). The interim report of the Group for the six months ended 30 June 2014 containing all the relevant information required by the Listing Rules will be dispatched to all shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

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

By order of the Board
Intime Retail (Group) Company Limited
Shen Guojun
Chairman

Beijing, 20 August 2014