



歲寶百貨

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

(incorporated in the Cayman Islands with limited liability)

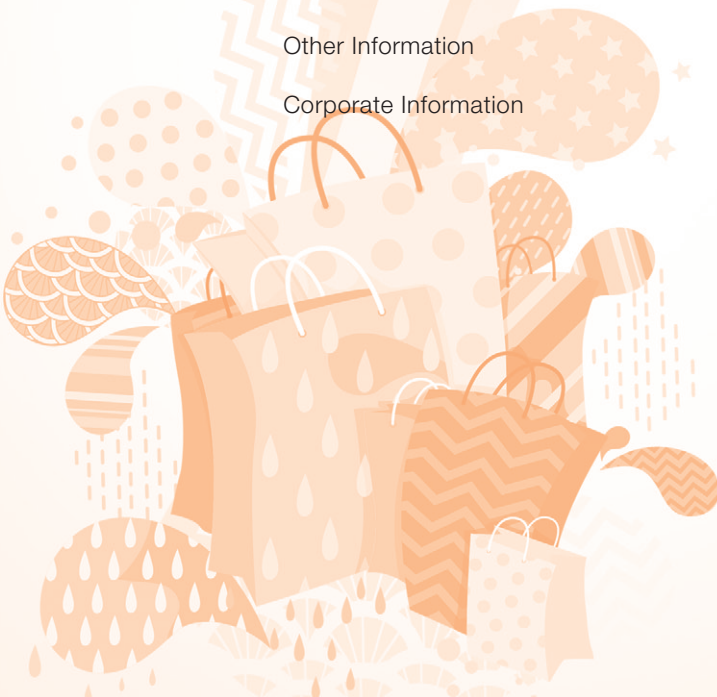
Stock code: 312

*Interim
Report
2015*



CONTENTS

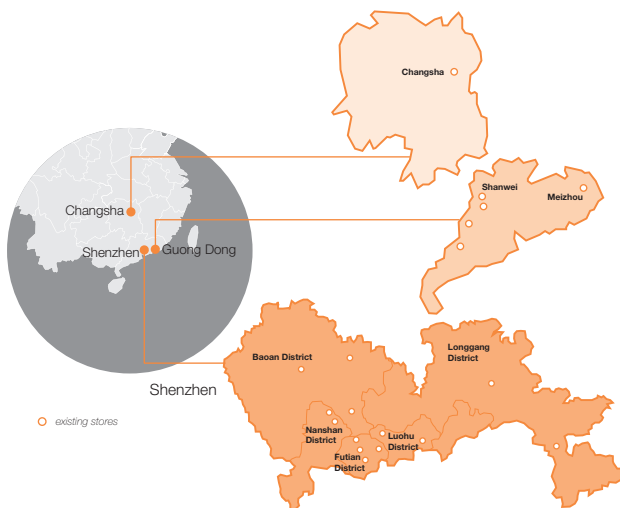
| | |
|--|----|
| Corporate Profile | 2 |
| Financial Highlights | 3 |
| Chairman's Statement | 6 |
| Management Discussion and Analysis | 11 |
| Independent Review Report | 18 |
| Interim Consolidated Income Statement | 20 |
| Interim Consolidated Statement of Comprehensive Income | 21 |
| Interim Consolidated Balance Sheet | 22 |
| Interim Consolidated Statement of Changes in Equity | 24 |
| Interim Condensed Consolidated Statement of Cash Flows | 25 |
| Notes to the Condensed Consolidated Interim Financial Information | 26 |
| Other Information | 47 |
| Corporate Information | 53 |



CORPORATE PROFILE

Shirble Department Store Holdings (China) Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) are principally engaged in the operation of department stores in the People’s Republic of China (the “**PRC**”).

The Group operates one of the established Shenzhen-based department store chains. As of 30 June 2015, the Group operates 19 department stores, 13 of which are within Shenzhen, four in Shanwei (a coastal city in the eastern Guangdong Province), one in Meizhou City (Guangdong Province) and one in Changsha (the capital city of Hunan Province), with a total gross floor area (“**GFA**”) of 338,720.1 sq. m. Most of the Group’s stores have adopted consistent exterior and interior designs including layouts and the overall decoration for the purpose of enhancing customers’ awareness of the brand “**威實百樂**”.



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

FINANCIAL HIGHLIGHTS

OPERATING RESULTS

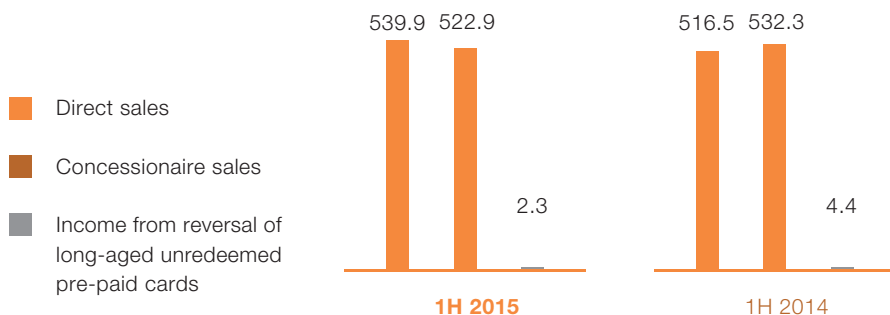
| | For the six months ended 30 June | |
|--|---|--------------------------------|
| | 2015 RMB'000 (unaudited) | 2014 RMB'000 (unaudited) |
| Revenue | 672,410 | 641,127 |
| Operating profit | 23,896 | 6,618 |
| Profit before income tax | 39,335 | 18,296 |
| Profit attributable to owners of the Company | 27,503 | 13,425 |
| Earnings per share (expressed in RMB per share) | | |
| – Basic and diluted | 0.01 | 0.01 |

ASSETS, LIABILITIES AND EQUITY

| | At 30 June 2015 RMB'000 (unaudited) | At 31 December 2014 RMB'000 (audited) | At 30 June 2014 RMB'000 (unaudited) |
|-------------------|--|---|---|
| Total assets | 2,447,315 | 2,492,924 | 2,403,176 |
| Total liabilities | 1,166,528 | 1,232,286 | 1,170,346 |
| Total equity | 1,280,787 | 1,260,638 | 1,232,830 |

GROSS SALES PROCEEDS – BY CATEGORY

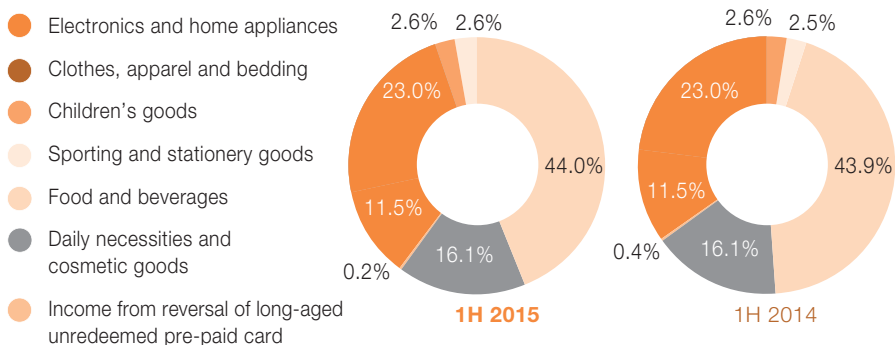
RMB (million)



FINANCIAL HIGHLIGHTS

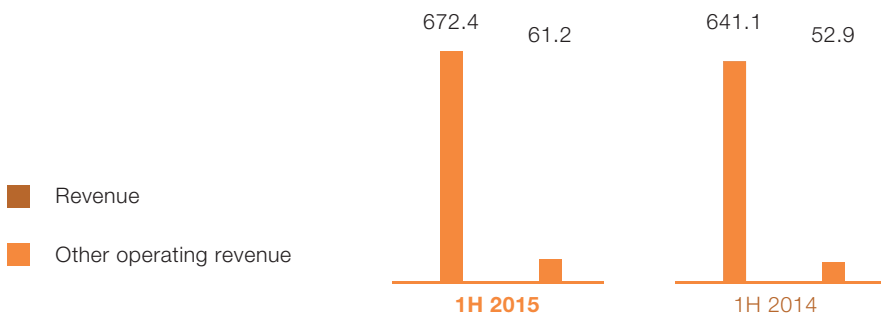
GROSS SALES PROCEEDS – BY PRODUCT CATEGORY

%



REVENUE AND OTHER OPERATING REVENUE

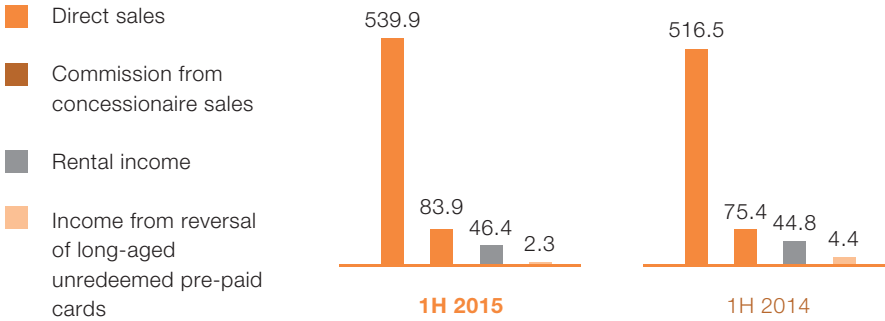
RMB (million)



FINANCIAL HIGHLIGHTS

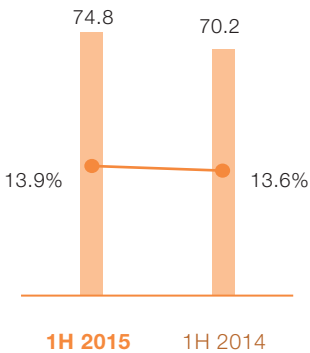
REVENUE BY CATEGORY

RMB (million)



GROSS PROFIT AND MARGIN OF DIRECT SALES

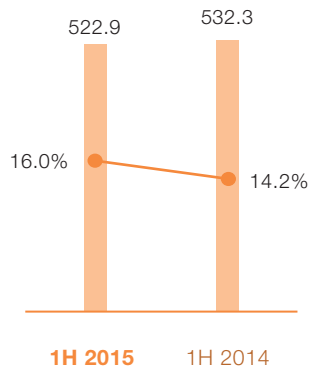
RMB (million)



CONCESSIONAIRE SALES AND COMMISSIONS

AS A PERCENTAGE OF CONCESSIONAIRE SALES

RMB (million)



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

- Concessionaire sales
- Commission rate (%)

CHAIRMAN'S STATEMENT

MARKET REVIEW

During the six months ended 30 June 2015, the domestic consumption level in the PRC continued to grow modestly. According to the National Bureau of Statistics of China, the total retail sales of consumer goods for the six months ended 30 June 2015 amounted to RMB14,157.7 billion with an overall growth of 10.4% compared with the corresponding period in 2014.

However, with the PRC stock market crash in June 2015, a potential economic downturn has emerged in the PRC. If the government policies in the PRC fail to support and stimulate the economic growth, the domestic consumption level could be adversely affected.

Apart from the traditional retail outlets, online sales have become an important sales channel in the PRC in recent years due to the convenience and the popularity of e-commerce and the logistics support for such online transactions. The consumption pattern amongst the consumers in the PRC has undergone substantial changes, and the number of internet shoppers are expected to increase rapidly. In order to increase their competitiveness, many retailers have collaborated with branded online retailers or developed their own online sales systems to fulfill the consumers' demand.

BUSINESS REVIEW

In order to continue to improve the profitability, the Group has implemented various effective strategic and operational measures during the first half of 2015. The performance of the existing department stores as well as the department stores opened during last three years have recorded a steady business growth with an overall 105.2% increase in the profit to RMB27.5 million for the six months ended 30 June 2015.

Instead of implementing an aggressive development plan, the Group continues to improve the competitiveness in the existing markets during the first half of 2015. As of 30 June 2015, the Group operates a total of 19 department stores, covering a total GFA of 338,720.1 sq.m.

CHAIRMAN'S STATEMENT

Enhancement of direct procurement platform

The Group has been constantly reviewing and optimising its merchandising business. New and specialty local products, imported items and premium locally-branded products have been introduced at different stores according to the local market preference. In view of the increasing concern on food safety in the PRC, the Group introduces high-quality overseas products to the consumers in the PRC.

During the six months ended 30 June 2015, the Group has entered into a memorandum of understanding (the “**MOU**”) and a sales and purchase agreement with Eternity (Asia) Limited (“**EAL**”), an associate of ATB Corporation, for business cooperation. ATB Corporation is a leading enterprise in Ukraine and is ranked the fourth in terms of stability, profitability and growth in the first half of 2014 according to Forbes Ukraine. ATB Corporation is principally engaged in the supermarket business and operates approximately 900 stores in Ukraine. Pursuant to the MOU, the Group has been appointed as the exclusive importer and distributor of the branded edible sunflower seed oil products in the PRC. This is expected to increase the revenue of the Group's merchandising business and boost its competitiveness. The Group is in preliminary study of further business cooperation with EAL to expand the range of imported and exported products.

In addition, the Group has also entered into a cooperation agreement with an organic farmhouse in the PRC for the provision of quality fresh vegetable free from chemical fertilizer at competitive prices. The vegetable has been available for sale at selected department stores of the Group in Shenzhen since January 2015, and is soon to be introduced to other department stores of the Group.

Establishment of online-to-offline sales channels

In order to attract more customers, the Group has expanded the e-commerce sales business. An increasing number of the products currently available for sale at the Group's department stores will be rolled out for sale on the online platform in stages.

The Group began a trial run of the online to offline (“**O2O**”) platform for the sales of several types of grocery products in late 2014. In 2015, the online business was formally launched.

CHAIRMAN'S STATEMENT

Re-position of certain stores and restructure of store layout plan

In view of the latest development of the surrounding areas, the Group has reviewed the market positioning of two of its oldest stores, namely Hongling store and Hongbao store in Shenzhen, and has redefined their business models to cater for the newly established O2O sales platform and to fully maximise the floor efficiency. Hence, the Group entered into a rental agreement for the Hongbao store and two rental agreements for the Hongling store in December 2014 and March 2015, respectively, whereby certain floor areas within the store premises will be sub-leased/leased for the opening of two boutique hotels and a business office starting in the second half of 2015. Through the sub-lease/lease and the subsequent relocation of product sections, those floors could be better utilized and are expected to increase both rental income and customer flow at those two stores.

The Group also aims to deliver to its customers an enhanced and more convenient shopping experience while maximizing the efficient use of the current store area. In the past three years, the Group has introduced new sectors such as children's playgrounds, bakery shops, restaurants and cinemas within certain store premises (especially at new stores where a higher proportion of the store area is dedicated to ancillary facilities) and has successfully increased the customer flow to those stores.

The Group will continue to evaluate the introduction of new or additional sections in order to attract a wider range of activities and an increasing number of shoppers, as well as to explore the opportunity to sub-lease store areas with lower turnover to enhance store profitability.

Upgrade of the information technology system

The Group's information technology system is currently in operation, which enhances the financial analysis modules, logistics and point-of-sale management operations functions. Together with the introduction of the Group's office automation system, the overall operations, management efficiency and corporate governance have also been strengthened.

Corporate initiatives to enhance efficiency and performance

In the second half of 2014, the key performance indicators assessment scheme for the employees of the Group was implemented in selected departments of the Group to boost employees' performance. This scheme has been extended to cover the Group's staff at the store level in 2015 in order to boost the performance.

CHAIRMAN'S STATEMENT

BUSINESS OUTLOOK

Although the economic outlook of the PRC is not entirely optimistic, the Directors remain cautiously optimistic about the business prospects of the Group.

Development of e-commerce business

In view of the successful trial run of the O2O platform for online sales in late December 2014 and early 2015, the Group plans to expand the product mix to be sold through the online platform. Other than the Shenzhen stores that have introduced the O2O platform, the Group will continue to develop the e-commerce business opportunities in its remaining stores in Shenzhen. A total of 10 Shenzhen stores are expected to provide O2O services in the second half of 2015, and the Group targets to further introduce these services to stores outside Shenzhen in the future.

In the second half of 2015, the Group has entered into a long-term (over 15 years) strategic cooperation agreement with Jingdong Daojia (“京東到家”) and several cooperation agreements with other e-commerce platforms for the provision of O2O platform and other related services. Alongside the enhancement of its information technology system and logistics arrangements, the Group expects that more customers will enjoy the convenient shopping experience and hence, increase customer flow in the future.

Development of import and export business

Subject to the satisfactory result as an exclusive importer and distributor of the branded edible sunflower seed oil products, the Group is in preliminary study to expand the range of imported and exported products to cover a wider range of food-related products or daily necessities. The Group is also in discussion with a number of overseas suppliers on further business cooperation in a similar manner.

Prudent expansion and improved utilisation of store network

The Group will continue to implement its two-pronged strategy in increasing its market share in Shenzhen and exploring opportunities in establishing department stores in third-tier or lower tier cities in Guangdong Province which are undergoing rapid urbanisation.

CHAIRMAN'S STATEMENT

Depending on market sentiment and the performance of the other new department stores, the Group plans to open a new department store in 2016 within a three-storey building in Yitian, Futian District with a GFA of 17,500.0 sq.m. Due to uncertainties in the market development in Longhua New District, the store opening plan in the area has been postponed.

New business development and potential investment opportunities

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

CONCLUSION

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

YANG Xiangbo

Chairman

24 August 2015

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Total gross sales proceeds

During the six months ended 30 June 2015, the Group's total gross sales proceeds (representing the aggregate of (a) the revenue from direct sales of the Group, (b) total sales proceeds from concessionaire sales at the Group's department stores and (c) income from reversal long-aged unredeemed prepaid cards) were RMB1,065.1 million, representing an increase of 1.1% from RMB1,053.2 million in the corresponding period of 2014. The increase in total gross sales proceeds was principally due to an increase in the sales from both old stores in Shenzhen and new department stores opened in the past few years as a result of improvement in overall operational efficiency.

Revenue generated from direct sales of the Group amounted to RMB539.9 million and the total sales proceeds from concessionaire sales amounted to RMB522.9 million, accounting for 50.7% and 49.1%, respectively, of the Group's total gross sales proceeds for the six months ended 30 June 2015. For the same period in 2014, revenue from direct sales amounted to RMB516.5 million, while the total sales proceeds from concessionaires sales amounted to RMB532.3 million, accounted for 49.0% and 50.5% respectively of the Group's total gross sales proceeds.

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

| | 2015 | | 2014 | |
|---|----------------|--------------|--------------|-------|
| | RMB' million | % | RMB' million | % |
| Electronics and home appliances | 122.4 | 11.5 | 120.8 | 11.5 |
| Clothes, apparel and bedding | 245.4 | 23.0 | 242.2 | 23.0 |
| Children's goods | 27.9 | 2.6 | 27.5 | 2.6 |
| Sporting and stationery goods | 27.2 | 2.6 | 26.9 | 2.5 |
| Food and beverages | 468.2 | 44.0 | 462.0 | 43.9 |
| Daily necessities and cosmetic goods | 171.7 | 16.1 | 169.4 | 16.1 |
| Income from reversal of long-aged unredeemed pre-paid cards | 2.3 | 0.2 | 4.4 | 0.4 |
| | 1,065.1 | 100.0 | 1,053.2 | 100.0 |

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

The Group's revenue amounted to RMB672.4 million for the six months ended 30 June 2015, representing an increase of 4.9% as compared to RMB641.1 million in the corresponding period of 2014. The increase was principally due to an increase in the direct sales, commission from concessionaire sales and increase in rental income.

Direct sales increased by 4.5% to RMB539.9 million for the six months ended 30 June 2015 from RMB516.5 million in the corresponding period of 2014, principally due to an increase in the sales from existing stores as a result of improvement in supermarket product mix. Direct sales as a percentage of the Group's total revenue was 80.3% for the six months ended 30 June 2015 as compared to 80.6% in the corresponding period of 2014.

Commission from concessionaire sales increased by 11.3% to RMB83.9 million for the six months ended 30 June 2015 from RMB75.4 million in the corresponding period of 2014, mainly due to an increase in the concessionaire sales resulting from the effective restructuring of store layout plan to enhance operational efficiency and a higher commission rate achieved upon enhancement of the concessionaires selection and renewal process. The commission rate of concessionaire sales was 16.0% as compared to 14.2% for the corresponding period in 2014. Commission from concessionaire sales as a percentage of the Group's total revenue was 12.5% for the six month ended 30 June 2015 as compared to 11.8% for the corresponding period in 2014.

Rental income increased by 3.6% to RMB46.4 million for the six month ended 30 June 2015 from RMB44.8 million for the corresponding period in 2014, mainly due to the continuous restructuring of store layout plan in different stores to increase the proportion of leased/sub-leased area for complementary facilities. Rental income as a percentage of the Group's total revenue was 6.9% for the six month ended 30 June 2015 as compared to 7.0% for the corresponding period in 2014.

Income from reversal of long-aged unredeemed pre-paid cards decreased by 47.7% to RMB2.3 million for the six months ended 30 June 2015 from RMB4.4 million in the corresponding period of 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Other operating revenue

Other operating revenue increased by 15.7% to RMB61.2 million for the six months ended 30 June 2015 from RMB52.9 million in the corresponding period in 2014, mainly due to an increase in promotion, administration and management income as well as an increase in credit card handling fees for concessionaire sales.

Other (loss)/gain, net

Other net loss amounted to RMB0.7 million for the six months ended 30 June 2015 as compared with other net gain amounted to RMB4.4 million in the corresponding period of 2014, mainly due to the fair value gains from the investment properties of RMB2.0 million, offset by the provision for legal claims of RMB4.1 million in the first half of 2015. An one-off relocation compensation amounting to RMB12.31 million was received from the landlord of the leased premises of Mingxing Store in the first half of 2014.

Purchase of and changes in inventories

Purchase of and changes in inventories amounted to RMB465.1 million for the six months ended 30 June 2015, representing an increase of 4.2% as compared with RMB446.3 million in the corresponding period of 2014, which is in line with the increase in direct sales. As a percentage of revenue from direct sales, purchase of and changes in inventories was 86.1% for the six months ended 30 June 2015 as compared with 86.4% in the same period of 2014.

Employee benefits

Employee benefits increased slightly by 2.3% to RMB89.5 million for the six months ended 30 June 2015 from RMB87.5 million in the corresponding period in 2014, primarily due to the new store opened in the second half of 2014.

Depreciation and amortization

Depreciation and amortization remained stable at RMB26.9 million for the six months ended 30 June 2015 from RMB26.7 million in the corresponding period in 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating lease rental expenses

Operating lease rental expenses increased by 3.1% to RMB76.0 million for the six months ended 30 June 2015 from RMB73.7 million in the corresponding period of 2014. The increase was principally attributable to the one-off write-back adjustments as a result of the closure and sub-leasing of certain department stores in Dongguan in first half of 2014.

Other operating expenses, net

Other operating expenses, which principally comprised of utility expenses, advertising, marketing, promotion and related expenses, other tax expenses, bank charges, exchange differences and maintenance expenses, decreased by 10.6% to RMB51.5 million for the six months ended 30 June 2015 from RMB57.6 million in the corresponding period in 2014. This was primarily due to the efficient cost controls and savings for the existing stores and head office.

Operating profit

As a result of the reasons mentioned above, the Group's operating profit amounted to RMB23.9 million for the six months ended 30 June 2015 as compared with the operating profit of the Group of RMB6.6 million in the corresponding period in 2014.

Finance income

Finance income increased significantly by 32.0% to RMB16.9 million for the six months ended 30 June 2015 from RMB12.8 million in the corresponding period of 2014 primarily as a result of the higher interest income earned from bank deposits.

Finance costs

Finance costs increased by 25.0% to RMB1.5 million for the six months ended 30 June 2015 from RMB1.2 million in the corresponding period of 2014 which was primarily as a result of an increase in interest rate and higher outstanding borrowings due to unfavourable exchange rate movements.

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expense

Income tax expense amounted to RMB11.8 million for the six months ended 30 June 2015, representing an increase of 140.8% from RMB4.9 million in the corresponding period of 2014. The effective tax rate applicable to the Group for the six months ended 30 June 2015 was 25%. In addition, pursuant to the PRC Corporate Income Tax Law, the Group is liable to withholding taxes on dividends distributed by subsidiaries established in China. The applicable tax rate for the Group is 5%.

Profit attributable to equity shareholders of the Company

As a result of the aforementioned, profit attributable to Shareholders amounted to RMB27.5 million for the six months ended 30 June 2015, representing an increase of 105.2% as compared with the profit of RMB13.4 million in the corresponding period in 2014.

LIQUIDITY AND FINANCIAL RESOURCES

As of 30 June 2015, the Group's cash and cash equivalents amounted to RMB535.8 million, decreased by RMB19.0 million from RMB554.8 million as of 31 December 2014. The cash and cash equivalents, which were in RMB and Hong Kong dollars, were deposited with banks in the PRC and Hong Kong as short-term deposits for interest income. As of 30 June 2015, the Group's bank deposits amounted to RMB714.1 million, representing a decrease by RMB217.0 million from RMB931.1 million as of 31 December 2014. The bank deposit which were mainly denominated in RMB, were deposited with banks in the PRC and Hong Kong as long-term fixed deposits for interest income, of which RMB190.3 million (31 December 2014: RMB387.6 million) were pledged to bank as restricted bank deposit to secure borrowings.

As of 30 June 2015, the Group's outstanding bank borrowings amounted to RMB236.6 million (31 December 2014: RMB236.7 million). The borrowings are denominated in Hong Kong dollars with average interest rate of 1.254% per annum (31 December 2014: 1.047%). The gearing ratio of the Group expressed as a percentage of interest-bearing bank loans over the total assets was 9.7% as of 30 June 2015 (31 December 2014: 9.5%). The Group will continue to review its cash flow position and renew the bank borrowings when necessary.

MANAGEMENT DISCUSSION AND ANALYSIS

Net current assets and net assets

The net current assets of the Group as of 30 June 2015 were RMB549.3 million (31 December 2014: RMB514.1 million), representing an increase of RMB35.2 million. The net assets of the Group as of 30 June 2015 increased to RMB1,280.8 million (31 December 2014: RMB1,260.6 million), representing an increase of 1.6%.

Foreign exchange exposure

The business operations of the Group is primarily in the PRC with most of its transactions settled in RMB. Certain of the Group's cash and bank balances are denominated in Hong Kong dollars and all its borrowings are denominated in Hong Kong dollars. The Company paid dividends in Hong Kong dollars. These exposed the Group to foreign exchange risks arising from the exchange rate movement of Hong Kong dollars against RMB. For the six months ended 30 June 2015, the Group recorded a net foreign exchange loss of RMB1.1 million. The Group has not used any forward contracts, currency borrowings or other means to hedge its foreign currency exposure.

Employees and remuneration policy

As of 30 June 2015, the total number of employees of the Group was 2,342. The Group's remuneration policy is determined with reference to market conditions and the performance, qualifications and experience of individual employees.

To recognise and reward the eligible employees for their contributions to the business and development of the Group, the Company has adopted an employee's share award scheme in 2014 and granted an aggregate of 18,672,000 shares to eligible employees under the scheme on 13 July 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Contingent liabilities

Certain suppliers have commenced proceedings in the PRC against the Group in respect of disputes over contract terms and trademark infringement claim. As at 30 June 2015, the legal proceedings were ongoing. The Group has made an accumulated provision of approximately RMB12,157,000 (2014: RMB8,088,000), which the Directors believe is adequate to cover the amounts, if any, payable in respect of these claims.

Material acquisitions and disposal of subsidiaries

There are no material acquisition and disposal of subsidiaries and associated companies during the period under review.

INDEPENDENT REVIEW REPORT

Report on Review of Interim Financial Information

To the Board of Directors of Shirble Department Store Holdings (China) Limited

(Incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 20 to 46, which comprises the interim condensed consolidated balance sheet of Shirble Department Store Holdings (China) Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) as at 30 June 2015 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

INDEPENDENT REVIEW REPORT

CONCLUSION

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 August 2015

INTERIM CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2015

| | | For the six months ended 30 June | |
|---|------|-------------------------------------|--------------------------------|
| | Note | 2015 RMB'000 (unaudited) | 2014 RMB'000 (unaudited) |
| Revenue | 7 | 672,410 | 641,127 |
| Other operating revenue | 8 | 61,221 | 52,878 |
| Other (loss)/gain, net | 9 | (679) | 4,418 |
| Purchase of and changes in inventories | 10 | (465,111) | (446,258) |
| Employee benefits | 10 | (89,458) | (87,518) |
| Depreciation and amortisation | 10 | (26,928) | (26,679) |
| Operating lease rental expenses | 10 | (76,023) | (73,709) |
| Other operating expenses, net | 10 | (51,536) | (57,641) |
| Operating profit | | 23,896 | 6,618 |
| Finance income | | 16,914 | 12,845 |
| Finance costs | | (1,475) | (1,167) |
| Finance income – net | | 15,439 | 11,678 |
| Profit before income tax | | 39,335 | 18,296 |
| Income tax expense | 11 | (11,832) | (4,871) |
| Profit for the period | | 27,503 | 13,425 |
| Profit attributable to: | | | |
| Owners of the Company | | 27,503 | 13,425 |
| Earnings per share for the profit attributable to owners of the Company during the period (expressed in RMB per share) | | | |
| – Basic and diluted | 13 | 0.01 | 0.01 |

The notes on pages 26 to 46 are an integral part of these consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

| | For the six months ended 30 June | |
|--|---|--------------------------------|
| | 2015 RMB'000 (unaudited) | 2014 RMB'000 (unaudited) |
| Profit for the period | 27,503 | 13,425 |
| Other comprehensive income: | | |
| <i>Item that may be reclassified to profit or loss</i> | | |
| Fair value gains on available-for-sale financial assets, net of tax | 1,617 | – |
| Currency translation differences | 5 | (64) |
| Other comprehensive income/(loss) for the period | 1,622 | (64) |
| Total comprehensive income for the period | 29,125 | 13,361 |
| Attributable to: | | |
| Owners of the Company | 29,125 | 13,361 |

The notes on pages 26 to 46 are an integral part of these consolidated financial statements.

INTERIM CONSOLIDATED BALANCE SHEET

For the six months ended 30 June 2015

| | Note | As at 30 June 2015 RMB'000 (unaudited) | As at 31 December 2014 RMB'000 (audited) |
|-------------------------------------|------|--|--|
| ASSETS | | | |
| Non-current assets | | | |
| Investment properties | 14 | 66,000 | 64,000 |
| Property, plant and equipment | 15 | 591,566 | 613,285 |
| Intangible assets | 15 | 19,295 | 19,664 |
| Deferred income tax assets | 16 | 46,939 | 51,481 |
| Trade and other receivables | 19 | 11,194 | 1,339 |
| | | 734,994 | 749,769 |
| Current assets | | | |
| Inventories | | 162,740 | 176,132 |
| Available-for-sale financial assets | 17 | 218,341 | – |
| Fixed maturity investments | 18 | 4,034 | – |
| Trade and other receivables | 19 | 77,299 | 81,095 |
| Bank deposits | 20 | 714,090 | 931,118 |
| Cash and cash equivalents | 20 | 535,817 | 554,810 |
| | | 1,712,321 | 1,743,155 |
| Total assets | | 2,477,315 | 2,492,924 |

INTERIM CONSOLIDATED BALANCE SHEET

For the six months ended 30 June 2015

| | Note | As at 30 June 2015 RMB'000 (unaudited) | As at 31 December 2014 RMB'000 (audited) |
|---|------|--|--|
| EQUITY AND LIABILITIES | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | 21 | 213,908 | 213,908 |
| Share premium | 21 | 885,362 | 894,338 |
| Other reserves | | 210,051 | 208,429 |
| Accumulated loss | | (28,534) | (56,037) |
| Total equity | | 1,280,787 | 1,260,638 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Deferred income tax liabilities | 16 | 3,519 | 3,251 |
| Current liabilities | | | |
| Trade and other payables | 22 | 881,831 | 953,058 |
| Income tax payable | | 44,595 | 39,316 |
| Borrowings | 23 | 236,583 | 236,661 |
| | | 1,163,009 | 1,229,035 |
| Total liabilities | | 1,166,528 | 1,232,286 |
| Total equity and liabilities | | 2,447,315 | 2,492,924 |
| Net current assets | | 549,312 | 514,120 |
| Total assets less current liabilities | | 1,284,306 | 1,263,889 |

On behalf of Board of Directors

YANG XIANGBO
Director

YANG TI WEI
Director

The notes on pages 26 to 46 are an integral part of these consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

| | Unaudited Attributable to owners of the Company | | | | |
|--|--|-----------------------------|------------------------------|--------------------------------|----------------------------|
| | Share capital RMB'000 | Share premium RMB'000 | Other reserves RMB'000 | Accumulated loss RMB'000 | Total equity RMB'000 |
| At 1 January 2015 | 213,908 | 894,338 | 208,429 | (56,037) | 1,260,638 |
| Comprehensive income | | | | | |
| Profit for the period | - | - | - | 27,503 | 27,503 |
| Other comprehensive income | | | | | |
| Changes in fair value of available-for-sale financial assets, net of tax | - | - | 1,617 | - | 1,617 |
| Currency translation differences | - | - | 5 | - | 5 |
| | - | - | 1,622 | - | 1,622 |
| Total comprehensive income | - | - | 1,622 | 27,503 | 29,125 |
| Total contributions by and distributions to owners of the Company recognised directly in equity | | | | | |
| Dividend related to 2014 | - | (8,976) | - | - | (8,976) |
| At 30 June 2015 | 213,908 | 885,362 | 210,051 | (28,534) | 1,280,787 |
| At 1 January 2014 | 213,908 | 894,338 | 196,733 | (85,510) | 1,219,469 |
| Comprehensive income | | | | | |
| Profit for the period | - | - | - | 13,425 | 13,425 |
| Other comprehensive income | | | | | |
| Currency translation differences | - | - | (64) | - | (64) |
| At 30 June 2014 | 213,908 | 894,338 | 196,669 | (72,085) | 1,232,830 |

The notes on pages 26 to 46 are an integral part of these consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

| | Note | Unaudited Six months ended 30 June | |
|--|------|---------------------------------------|-----------------|
| | | 2015 RMB'000 | 2014 RMB'000 |
| Cash flows from operating activities | | | |
| Cash used in operations | | (17,089) | (72,871) |
| Income tax paid | | (1,742) | (138) |
| Net cash used in operating activities | | (18,831) | (73,009) |
| Net cash generated from/(used in) investing activities | | 8,925 | (39,348) |
| Net cash (used in)/generated from in financing activities | | (9,087) | 2,135 |
| Net decrease in cash and cash equivalents | | (18,993) | (110,222) |
| Cash and cash equivalents at 1 January | | 554,810 | 626,291 |
| Cash and cash equivalents at 30 June | 20 | 535,817 | 516,069 |

The notes on pages 26 to 46 are an integral part of these consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

1. GENERAL INFORMATION

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

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

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

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

The interim condensed consolidated financial information have been approved for issue by the board of directors on 24 August 2015.

2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2015 (“**the interim period**”) has been prepared in accordance with International Accounting Standard (“**IAS**”) 34, ‘Interim Financial Reporting’. The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

3. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the effective tax rate that would be applicable to expected profit before income tax for the year.

Amendments to IFRSs effective for the financial year ending 31 December 2015 do not have a material impact on the Group.

4. ESTIMATES

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

In preparing the interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

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

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

There were no significant changes to risk management policies during the six months ended 30 June 2015.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2 Liquidity risk

Compared to those of 31 December 2014, there was no material change in the contractual undiscounted cash out flows for financial liabilities as at 30 June 2015.

5.3 Fair value estimation

Financial instruments carried at fair value are categorized, by valuation input, into three different levels as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at 30 June 2015, the Group's available-for-sale financial assets are measured at fair value. The fair value of the available-for-sale financial assets falls under level 2 in the fair value hierarchy. Other than the available-for-sale financial assets, the Group did not have any significant financial instruments carried at fair value.

There were no transfers between Levels 1, 2 and 3 during the interim period.

The fair values of the following financial assets and liabilities approximate their carrying amounts.

- Fixed maturity investments
- Trade and other receivables
- Bank deposits
- Cash and cash equivalents
- Trade and other payables
- Borrowings

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

6. SEGMENT INFORMATION

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

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

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

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

7. REVENUE

| | Six months ended 30 June | |
|--|--------------------------|-----------------|
| | 2015 RMB'000 | 2014 RMB'000 |
| Direct sales | 539,910 | 516,477 |
| Commission from concessionaire sales | 83,868 | 75,362 |
| Rental income (a) | 46,379 | 44,847 |
| Income from reversal of long-aged unredeemed prepaid cards | 2,253 | 4,441 |
| | 672,410 | 641,127 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

7. REVENUE (CONTINUED)

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

| | Six months ended 30 June | |
|---------------------------|--------------------------|-----------------|
| | 2015 RMB'000 | 2014 RMB'000 |
| Contractual rental income | 32,486 | 27,817 |
| Contingent rental income | 13,893 | 17,030 |
| | 46,379 | 44,847 |

8. OTHER OPERATING REVENUE

| | Six months ended 30 June | |
|--|--------------------------|-----------------|
| | 2015 RMB'000 | 2014 RMB'000 |
| Promotion, administration and management income | 55,587 | 47,569 |
| Credit card handling fees for concessionaire sales | 3,912 | 2,542 |
| Others | 1,722 | 2,767 |
| | 61,221 | 52,878 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

9. OTHER (LOSS)/GAIN, NET

| | Six months ended 30 June | |
|--|--------------------------|-----------------|
| | 2015 RMB'000 | 2014 RMB'000 |
| Change in fair value of investment properties | 2,000 | – |
| Compensation from counterparties' breach of contract (Note 14) | 953 | – |
| Reversal of/(provision for) prepayment and other receivables | 448 | (1,125) |
| Provision for legal claims (Note 26) | (4,069) | – |
| Loss on disposal of property, plant and equipment | (1,025) | (2,618) |
| Relocation compensation | – | 12,310 |
| Provision for penalty charges | – | (4,774) |
| Others | 1,014 | 625 |
| | (679) | 4,418 |

10. EXPENSES BY NATURE

Expenses included in purchase of and changes in inventories, employee benefits, depreciation and amortisation, operating lease rental expenses and other operating expenses were analysed as follows:

| | Six months ended 30 June | |
|--|--------------------------|-----------------|
| | 2015 RMB'000 | 2014 RMB'000 |
| Purchase of and changes in inventories | 465,111 | 446,258 |
| Employee benefit expenses | 89,458 | 87,518 |
| Operating rental expenses | 76,023 | 73,709 |
| Depreciation and amortisation expenses (Note 15) | 26,928 | 26,679 |
| Auditor's remuneration | 785 | 748 |
| Other expenses | 50,751 | 56,893 |
| | 709,056 | 691,805 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

11. INCOME TAX EXPENSES

| | Six months ended 30 June | |
|----------------------------|--------------------------|-----------------|
| | 2015 RMB'000 | 2014 RMB'000 |
| Current income tax | | |
| – PRC corporate income tax | 7,022 | 3,855 |
| Deferred income tax | 4,810 | 1,016 |
| | 11,832 | 4,871 |

- (a) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.
- (b) Hong Kong profits tax has not been provided as the Group did not generate any assessable profits in Hong Kong during the interim period. Taxes on overseas profits have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.
- (c) The applicable income tax rate is 25% for all subsidiaries in the PRC.

12. DIVIDENDS

A dividend of RMB8,976,000 that relates to the year ended 31 December 2014 was declared in March 2015 and paid in June 2015 (2014: Nil) (Note 21).

On 24 August 2015, the board of directors of the Company approved an interim cash dividend of RMB0.0034 (equivalent to approximately HKD0.0041) per share for the interim period, totalling RMB8,376,000 (equivalent to approximately HKD10,158,000) (six months ended 30 June 2014: Nil). Such dividend payable was not recognised as a liability as at 30 June 2015.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

13. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to equity shareholders of the Company for the interim period of RMB27,503,000 (consolidated earnings for six months ended 30 June 2014: RMB13,425,000) and the weighted average number of shares in issue during the interim period of 2,495,000,000 (six months ended 30 June 2014: 2,495,000,000).

(b) Diluted earnings per share

As there were no dilutive potential ordinary shares for the six months ended 30 June 2015 and 2014, the basic and diluted earnings per share are the same.

14. INVESTMENT PROPERTIES

| | 2015 RMB'000 | 2014 RMB'000 |
|-------------------------------|-----------------|-----------------|
| At fair value: | | |
| At 1 January | 64,000 | – |
| Change in fair value (Note 9) | 2,000 | – |
| At 30 June | 66,000 | – |

As at 30 June 2015, the Group had no unprovided contractual obligations for future repairs and maintenance (2014: Nil).

The fair value of the Group's investment properties is within level 3 (Note 5.3) in the fair value hierarchy.

An independent valuation of the Group's investment properties was performed by an independent valuer to determine the fair value of the investment properties as at 30 June 2015.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

15. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

| | Property, plant and equipment RMB'000 | Intangible assets RMB'000 |
|--------------------------------------|--|---------------------------------|
| Six months ended 30 June 2015 | | |
| At 1 January 2015 | 613,285 | 19,664 |
| Additions | 6,720 | 1,012 |
| Disposals | (2,892) | - |
| Depreciation | (25,547) | (1,381) |
| At 30 June 2015 | 591,566 | 19,295 |
| Six months ended 30 June 2014 | | |
| At 1 January 2014 | 453,841 | 21,618 |
| Additions | 215,769 | 172 |
| Disposals | (3,310) | - |
| Depreciation | (25,386) | (1,293) |
| At 30 June 2014 | 640,914 | 20,497 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

16. DEFERRED INCOME TAX ASSETS

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The balances shown in the consolidated balance sheet are, after appropriate offsetting, as follows:

| | As at | |
|---------------------------------|-------------------------------------|--------------------------------|
| | 30 June 2015 RMB'000 | 31 December 2014 RMB'000 |
| Deferred income tax assets | 46,939 | 51,481 |
| Deferred income tax liabilities | (3,519) | (3,251) |
| Net deferred income tax assets | 43,420 | 48,230 |

The movement on net deferred income tax account is as follows:

| | 2015 RMB'000 | 2014 RMB'000 |
|--|-------------------------|-----------------|
| At 1 January | 48,230 | 54,134 |
| Charged to consolidated income statement (Note 11) | (4,810) | (1,016) |
| At 30 June | 43,420 | 53,118 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | 2015 RMB'000 | 2014 RMB'000 |
|------------------------------|-----------------|-----------------|
| At 1 January | – | – |
| Additions | 225,733 | – |
| Disposals | (9,009) | – |
| Net gains transfer to equity | 1,617 | – |
| At 30 June | 218,341 | – |

The Group's available-for-sale financial assets as at 30 June 2015 represented non-principal guaranteed wealth management products with variable return rate. The available-for-sale financial assets are denominated in RMB and USD.

The fair value of the wealth management product is based on its market price as at 30 June 2015. The fair value is within level 2 of the fair value hierarchy (Note 5.3).

The wealth management product is neither past due nor impaired.

18. FIXED MATURITY INVESTMENTS

The Group's fixed maturity investments as at 30 June 2015 represented principal guaranteed bonds with fixed return rate and fixed maturity date. The fixed maturity investments are denominated in RMB.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

19. TRADE AND OTHER RECEIVABLES

| | As at | |
|--|----------------------------|--------------------------------|
| | 30 June 2015 RMB'000 | 31 December 2014 RMB'000 |
| Current portion: | | |
| Trade receivables (a) | 18,435 | 16,055 |
| Lease deposits | 33,012 | 32,904 |
| Prepayments | 12,131 | 14,340 |
| Interest receivables | 7,683 | 13,359 |
| Other receivables | 6,014 | 4,409 |
| Amounts due from a related party (Note 25 (c(i))) | 24 | 27 |
| | 77,299 | 81,095 |
| Non-current portion: | | |
| Prepayments for acquisition of a property in Shenzhen | 11,126 | – |
| Prepayments for purchase of equipment | 68 | – |
| Prepayments for construction project | – | 1,339 |
| | 11,194 | 1,339 |
| | 88,493 | 82,434 |

(a) Trade receivables

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

19. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (continued)

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

| | As at | |
|---------------|-------------------------------------|--------------------------------|
| | 30 June 2015 RMB'000 | 31 December 2014 RMB'000 |
| 0 – 30 days | 12,119 | 13,397 |
| 31 – 90 days | 5,123 | 1,938 |
| 91 – 365 days | 1,193 | 720 |
| | 18,435 | 16,055 |

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

As at 30 June 2015 trade receivables of RMB18,435,000 (31 December 2014: RMB16,055,000) were fully recoverable.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

20. BANK DEPOSITS, CASH AND CASH EQUIVALENTS

| | As at | |
|---------------------------------------|-------------------------------------|--------------------------------|
| | 30 June 2015 RMB'000 | 31 December 2014 RMB'000 |
| Fixed term | 523,763 | 543,476 |
| Restricted deposit for bank borrowing | 190,327 | 387,642 |
| Total bank deposits | 714,090 | 931,118 |
| Cash and cash equivalents | 535,817 | 554,810 |
| | 1,249,907 | 1,485,928 |

21. SHARE CAPITAL AND SHARE PREMIUM

| | Number of ordinary shares, authorized (thousand) | Issued and fully paid | | | |
|--|--|---|---|---|------------------|
| | | Number of ordinary shares (thousand) | Ordinary share capital RMB'000 | Share premium RMB'000 (Note a) | Total RMB'000 |
| At 1 January 2015 | 1,500,000 | 2,495,000 | 213,908 | 894,338 | 1,108,246 |
| Dividends to equity shareholders (Note 12) | - | - | - | (8,976) | (8,976) |
| At 30 June 2015 | 1,500,000 | 2,495,000 | 213,908 | 885,362 | 1,099,270 |
| At 1 January 2014 and at 30 June 2014 | 1,500,000 | 2,495,000 | 213,908 | 894,338 | 1,108,246 |

(a) Share premium

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

22. TRADE AND OTHER PAYABLES

| | As at | |
|--|-------------------------------------|--------------------------------|
| | 30 June 2015 RMB'000 | 31 December 2014 RMB'000 |
| Trade payables (a) | 216,854 | 227,195 |
| Rental payables | 186,321 | 182,372 |
| Other tax payables | 23,288 | 21,743 |
| Deferred income (b) | 23,545 | 35,139 |
| Accrued wages and salaries | 13,179 | 20,233 |
| Provisions for contingent liabilities (Note 26) | 12,157 | 8,088 |
| Advances received from customers (c) | 284,237 | 337,293 |
| Advances from suppliers | 5,993 | 5,864 |
| Amount due to related parties (Note 25(c(ii))) | 129 | 156 |
| Other payables and accruals | 116,128 | 114,975 |
| | 881,831 | 953,058 |

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

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

| | As at | |
|-------------------|-------------------------------------|--------------------------------|
| | 30 June 2015 RMB'000 | 31 December 2014 RMB'000 |
| 0 – 30 days | 93,317 | 89,089 |
| 31 – 60 days | 16,467 | 51,942 |
| 61 – 90 days | 29,409 | 16,810 |
| 91 – 365 days | 43,096 | 33,389 |
| 1 year – 2 years | 4,469 | 4,992 |
| 2 years – 3 years | 28,487 | 23,596 |
| Over 3 years | 1,609 | 7,377 |
| | 216,854 | 227,195 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

22. TRADE AND OTHER PAYABLES (CONTINUED)

- (b) The amount mainly represented the carrying amount of unredeemed awarded credits.
- (c) The amount mainly represented cash received for prepaid cards sold.

23. BORROWINGS

| | As at | |
|--------------------------|-------------------------------------|--------------------------------|
| | 30 June 2015 RMB'000 | 31 December 2014 RMB'000 |
| Bank borrowings, secured | 236,583 | 236,661 |

At 30 June 2015, the bank borrowings were denominated in Hong Kong dollar. Movements in borrowings is analysed as follows:

| | RMB'000 |
|--------------------------------------|----------------|
| Six months ended 30 June 2015 | |
| At 1 January 2015 | 236,661 |
| Repayments of borrowings | (1,182,993) |
| Proceeds of new borrowings | 1,182,915 |
| At 30 June 2015 | 236,583 |
| Six months ended 30 June 2014 | |
| At 1 January 2014 | 235,869 |
| Repayments of borrowings | (1,188,369) |
| Proceeds of new borrowings | 1,190,625 |
| At 30 June 2014 | 238,125 |

The fair value of the borrowings approximated their carrying amount.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

24. COMMITMENTS

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

| | As at | |
|---|-------------------------------------|--------------------------------|
| | 30 June 2015 RMB'000 | 31 December 2014 RMB'000 |
| Capital commitments – expenditures of property, plant and equipment – Contracted but not provided for | 3,578 | 1,346 |

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

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

| | As at | |
|---|-------------------------------------|--------------------------------|
| | 30 June 2015 RMB'000 | 31 December 2014 RMB'000 |
| Land and buildings: | | |
| Not later than 1 year | 146,149 | 150,820 |
| Later than 1 year and not later than 5 years | 522,737 | 538,792 |
| Over 5 years | 1,080,897 | 1,096,160 |
| | 1,749,783 | 1,785,772 |

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

24. COMMITMENTS (CONTINUED)

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

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

| | As at | |
|--|----------------------------|--------------------------------|
| | 30 June 2015 RMB'000 | 31 December 2014 RMB'000 |
| Land and buildings: | | |
| Not later than 1 year | 71,956 | 55,960 |
| Later than 1 year and not later than 5 years | 158,073 | 124,452 |
| Over 5 years | 144,180 | 102,361 |
| | 374,209 | 282,773 |

25. RELATED PARTY TRANSACTIONS

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

The following transactions were carried out with related parties:

| Name | Relationship |
|--|---|
| Shenzhen Ruizhuo Investment Development Company Limited ("Ruizhuo Investment") | Owned in equal shares by Mr. YANG Xiangbo's nephew and niece |
| Luhe County Shirble Inn ("Shirble Inn") | Controlled by Mr. YANG Xiangbo |
| Lufeng Haige Restaurant Co., Ltd. ("Lufeng Haige") | Wholly-owned by Shirble Inn, which is in turn ultimately controlled by Mr. YANG Xiangbo |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

25. RELATED PARTY TRANSACTIONS (CONTINUED)

The following transactions were carried out with related parties:

(a) Rental expenses to related parties

| | Six months ended 30 June | |
|--------------------|--------------------------|-----------------|
| | 2015 RMB'000 | 2014 RMB'000 |
| Ruizhuo Investment | 10 | 10 |
| Shirble Inn | 55 | 55 |
| | 65 | 65 |

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

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

(b) Rental income from related parties

| | Six months ended 30 June | |
|--------------|--------------------------|-----------------|
| | 2015 RMB'000 | 2014 RMB'000 |
| Lufeng Haige | 1,500 | – |

The Group entered into a lease agreement in respect of property with a related party of the Group for its use in its restaurant business.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

25. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Balances with related parties

(i) Amount due from related parties

| | As at | |
|--------------|-------------------------------------|--------------------------------|
| | 30 June 2015 RMB'000 | 31 December 2014 RMB'000 |
| Lufeng Haige | 24 | 27 |

(ii) Amounts due to related parties

| | As at | |
|--------------------|-------------------------------------|--------------------------------|
| | 30 June 2015 RMB'000 | 31 December 2014 RMB'000 |
| Ruizhuo Investment | 111 | 101 |
| Shirble Inn | 18 | 55 |
| | 129 | 156 |

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

26. CONTINGENT LIABILITIES

Certain suppliers have commenced legal proceedings in the PRC against the Group in respect of disputes over contract terms and trademark infringement claim. As at 30 June 2015, the legal proceedings were ongoing. The Group has made an accumulated provision of approximately RMB12,157,000 (2014: RMB8,088,000), which the directors believe is adequate to cover the amounts, if any, payable in respect of these claims.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

27. SUBSEQUENT EVENTS

The Company adopted an employees' share award scheme ("Employees' Share Award Scheme") on 22 January 2014, pursuant to which, the board of directors may, at its absolute discretion, recommend any eligible employees as participants in the Employees' Share Award Scheme. On 13 July 2015, an aggregate of 18,672,000 award shares were granted to 28 eligible employees.

A trustee will purchase the award shares through the Stock Exchange under the direction of the Company for the purpose of the Employees' Share Award Scheme. On 10 July 2015, the board of directors has approved the payment to the trustee an aggregate amount of HK\$38,400,000 to conduct on-market purchases of these award shares. On 14 July 2015, the trustee purchased an aggregate of 2,000,000 shares of the Company's existing shares on the market for approximately HK\$1,252,000 at an average purchase price of approximately HK\$0.626 for each share.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving and maintaining high standards of corporate governance. In the opinion of the Directors, throughout the six months ended 30 June 2015, the Company has complied with the principles and code provisions of the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“**Listing Rules**”). The internal audit department has reported its findings and work plan to the Audit Committee twice a year, and the Board and the Audit Committee then reviewed and refined the Group’s material controls, including financial, operational and compliance controls and risk management functions.

The Board, together with the Audit Committee, also assessed the adequacy of resources, qualifications and experience of the staff of the Company’s accounting and financial reporting and internal audit functions, and their training programs and budget.

In November 2014, the Group appointed a reputable accounting firm to assist the management to develop a standard operating procedures manual for certain operational functions of the Group for the purpose of enhancing the internal controls and efficiencies of those functions, the progress and adoption of which are reported to the Board by stages in 2015. In addition, the Group also successfully launched an office automation system in respect of the approval procedures of the Group since December 2014. The Board believes that the office automation system will further improve and streamline the internal control procedures of the Group.

The enhancement of the internal control measures will continue to be monitored by the internal audit department and the chief executive officer of the Group. The internal audit department will periodically report their review and findings on the internal controls of the Group to the Audit Committee and the Board.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding the Directors’ securities transactions. Having made specific enquiries of all the Directors, the Company confirmed that they have complied with the Model Code during the six months ended 30 June 2015.

OTHER INFORMATION

AUDIT COMMITTEE

As of the date of this report, the audit committee of the Board (the “**Audit Committee**”) comprises four Independent non-executive Directors, namely, Ms. ZHAO Jinlin (chairman), Mr. CHEN Fengliang, Mr. JIANG Hongkai and Mr. FOK Hei Yu. The Audit Committee has been established to review the financial reporting process and evaluate the effectiveness of internal control procedures (including financial, operational and compliance controls and risk management functions) of the Group. During the six months ended 30 June 2015, the Audit Committee held one regular meeting with the management, external auditors and internal control consultant to discuss on the auditing, internal controls and financial reporting matters of the Company, and to review on the Group’s internal control and the interim results for the six months ended 30 June 2015.

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

INTERIM DIVIDEND

The Board declares an interim dividend of RMB0.0034 (equivalent to approximately HK\$0.0041) per Share or in the total amount of RMB8.4 million (equivalent to approximately HK\$10.2 million) (2014: Nil) for the six months ended 30 June 2015 which will be payable by way of cash in Hong Kong dollars. The Directors consider that this dividend level is appropriate after due consideration of the operating results of the Group for the six months ended 30 June 2015. The interim dividend will be paid on or around 25 September 2015 to Shareholders whose names appear on the Register of Members at the close of business on 18 September 2015.

OTHER INFORMATION

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 16 September 2015 to 18 September 2015 (both days inclusive), during which period no transfer of shares of the Company will be registered for the purpose in order to determine the entitlement to receive the interim dividend. In order to qualify for the interim dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 15 September 2015.

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

As of 30 June 2015, the interests and short positions of the Directors in the shares of the Company, underlying shares or debentures of the Company or any of the associated corporations of the Company (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which were required (a) to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(a) Long positions in shares of the Company

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

Note:

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

OTHER INFORMATION

(b) Long positions in the shares of associated corporations

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

Save as disclosed above, as of 30 June 2015, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code; nor had there been any grant or exercise of rights of such interests during the six months ended 30 June 2015.

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

As of 30 June 2015, the following persons (other than a Director or chief executive of the Company), had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Long position in the shares of the Company

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

Save as disclosed above, as of 30 June 2015, the Directors are not aware of any person (other than a Director or chief executive of the Company) who had any interests or short positions in shares or, underlying shares of the Company as recorded in the register required to be kept under sector 336 of the SFO.

OTHER INFORMATION

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Scheme**”) pursuant to the resolutions of the shareholders of the Company passed on 30 October 2010. The purpose of the Scheme is to recognise and acknowledge the contributions that the Group’s Directors and employees, customers, suppliers, agents, business or joint venture partners, consultants, distributors, promoters, service providers, advisors or contractors to any member of the Group have made or may make to the business development of the Group. Apart from the determination of the subscription price, the Directors will have an absolute discretion on imposing performance targets on the option holders before any option that can be exercised with reference to the objectives of the Scheme. A consideration of HK\$1.0 will be payable upon acceptance of the offer. The maximum number of shares may be issued under the Scheme shall not exceed 10% of the issued share capital of the Company (i.e. 249,500,000 shares) as of the date of this report. Details of the Scheme were disclosed in the prospectus of the Company dated 5 November 2010.

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

EMPLOYEES’ SHARE AWARD SCHEME

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

OTHER INFORMATION

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

On 13 July 2015, an aggregate of 18,672,000 Award Shares are granted to 28 Eligible Employees pursuant to the Employees' Share Award Scheme. Except for Mr. YANG Ti Wei, an executive Director and the Chief Executive Officer, who has been granted 2,490,000 Award Shares, no grantees of the Award Shares are Directors or connected persons (as such term is defined under the Listing Rules) of the Company. All grantees are Eligible Employees and none of them has received such number of the Award Shares representing more than 0.1% of the number of the Shares in issue. The Scheme will remain in force until 29 October 2020.

For details of the Employees' Share Award Scheme, please refer to the announcement of the Company dated 22 January 2014 and 10 July 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2015.

CORPORATE INFORMATION

DIRECTORS

Executive Directors:

YANG Xiangbo
YANG Ti Wei

Independent non-executive Directors:

ZHAO Jinlin
CHEN Fengliang
JIANG Hongkai
FOK Hei Yu

AUDIT COMMITTEE OF THE BOARD

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

REMUNERATION COMMITTEE OF THE BOARD

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

NOMINATION COMMITTEE OF THE BOARD

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

COMPANY SECRETARY

CHAN Chore Man, Germaine, CPA

AUTHORISED REPRESENTATIVES

YANG Xiangbo
CHAN Chore Man, Germaine, CPA

AUDITOR

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

HONG KONG LEGAL ADVISER

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

PRINCIPAL BANKERS

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

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

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

HONG KONG SHARE REGISTRAR

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

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS AND HEADQUARTER IN PRC

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

PLACE OF BUSINESS IN HONG KONG

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

COMPANY'S WEBSITE

www.shirble.net

STOCK CODE

00312.HK