



SHIRBLE DEPARTMENT STORE

20th Anniversary



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

2016 Interim Report



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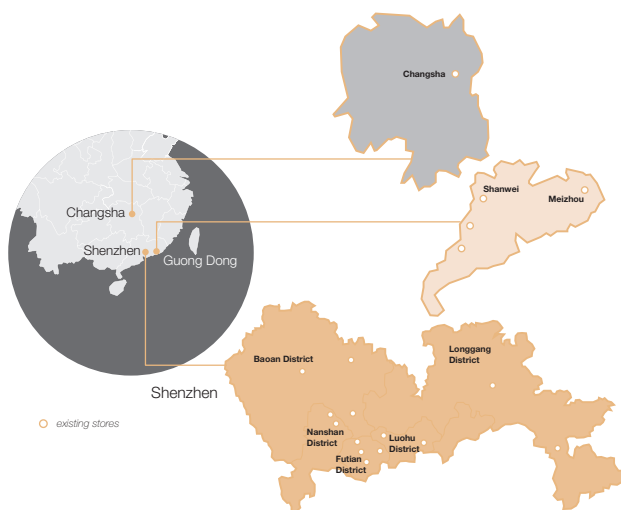
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Corporate Information

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 2016, 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 “**威寶百貨**”.



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

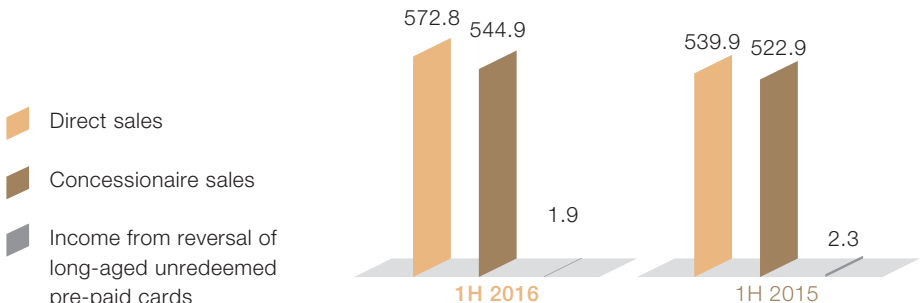
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Revenue	707,514	672,410
Operating profit	36,800	23,896
Profit before income tax	54,693	39,335
Profit attributable to owners of the Company	40,059	27,503
Earnings per share (expressed in RMB per share) – Basic and diluted	0.02	0.01

ASSETS, LIABILITIES AND EQUITY

	At 30 June 2016 RMB'000 (unaudited)	At 31 December 2015 RMB'000 (audited)	At 30 June 2015 RMB'000 (unaudited)
Total assets	2,354,587	2,619,974	2,447,315
Total liabilities	1,025,702	1,327,061	1,166,528
Total equity	1,328,885	1,292,913	1,280,787

GROSS SALES PROCEEDS – BY CATEGORY

RMB (million)



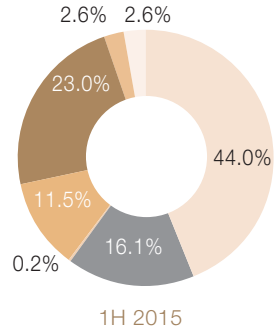
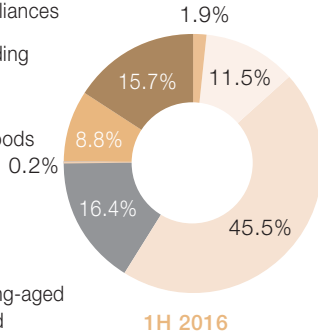
FINANCIAL HIGHLIGHTS



GROSS SALES PROCEEDS – BY PRODUCT CATEGORY

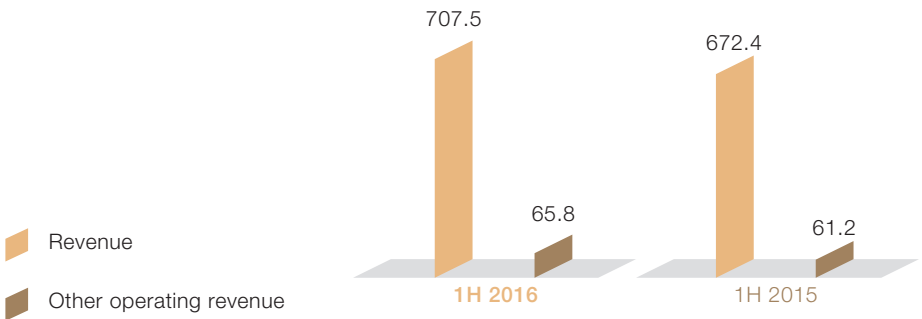
%

- Electronics and home appliances
- Clothes, apparel and bedding
- Children's goods
- Sporting and stationery goods
- Food and beverages
- Daily necessities and cosmetic goods
- Income from reversal of long-aged unredeemed pre-paid card



REVENUE AND OTHER OPERATING REVENUE

RMB (million)







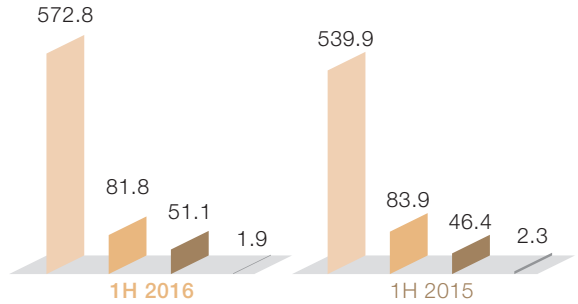


FINANCIAL HIGHLIGHTS

REVENUE BY CATEGORY

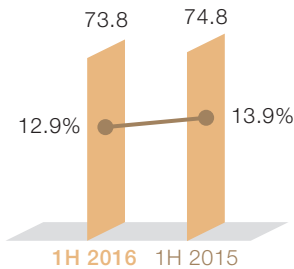
RMB (million)

-  Direct sales
-  Commission from concessionaire sales
-  Rental income
-  Income from reversal of long-aged unredeemed pre-paid cards



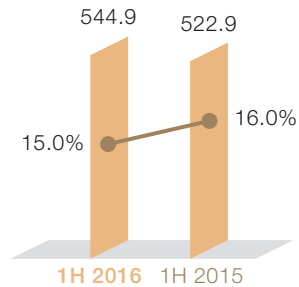
GROSS PROFIT AND MARGIN OF DIRECT SALES



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

MANAGEMENT DISCUSSION AND ANALYSIS

Review of the domestic retail market in the PRC

With the weak global economic environment, the government of the People's Republic of China ("PRC") supports the domestic retail sector by shifting the policy focus from export to local demand in order to sustain the economic growth.

Despite the depreciation of Renminbi to stimulate the economic slowdown in late 2015, the downward pressure is mostly on the consumption of PRC luxury products. During the first half of 2016, the retail consumption market in PRC shows signs of gradual recovery. According to the National Bureau of Statistics of PRC, the total retail sales of consumer goods reached RMB15,613.8 billion, representing a year-on-year increase of 10.3% in the first six months in 2016 compare to the same period in 2015. Other than the sales of luxury products, such as gold, jewellery and high-end apparel items, which suffered the most during the first six months in 2016, the total retail sales of the other product categories steadily increased.

Apart from the traditional sales channel through which the domestic customers are becoming more selective and are willing to pay more for quality products, the online sales channels have created a greater impact on the PRC retail sectors. The increase in the number of young middle class consumers and the increasing popularity of online sales channels affect the consumption pattern of the consumers in the PRC which bring business opportunities on attracting potential customers from online to the physical stores.


In 2016, the Group will be celebrating its 20th anniversary. As at 30 June 2016, the Group had a total of 19 department stores, covering a total gross floor area of 338,720.1 sq.m. To mark this milestone and to thank for all the supports from its suppliers and customers throughout the past 20 years, the Group has launched a series of featured marketing campaigns during the first half of 2016 and will continue to increase with its celebration activities for the rest of the year.

With the continuous improvement in operational efficiency and the development of the newly launched online platform business, the Group has recorded a sustainable stable growth. During the six months ended 30 June 2016, the Group recorded an increase of 5.2% in revenue amounting to RMB707.5 million from RMB672.4 million, as well as an increase of 45.8% in profit amounting to RMB40.1 million from RMB27.5 million in the same period in 2015.



CHAIRMAN'S STATEMENT

Scaling up of i-Shirble and other online platforms

The Group has successfully debuted i-Shirble ( shirble 歲時), its own online platform with both the desktop version and mobile APPs, offering online sales of supermarket products including fresh food and groceries. In June 2016, the Group has also entered into a strategic alliance agreement with Baidu (“百度”), an online platform with strong presence in the Guangdong province, to tap on its member base. Coupled with its cooperation with Jingdong Daojia (“京東到家”), the Directors believe that the Group's online sales channels have been enhanced to attract customers from different demographic segments and locations, and the Group is now recognised as one of the active online players in Shenzhen.

In view of the success of its online business in Shenzhen, the Group has also commenced the establishment of its online channels in Shanwei, Guangdong Province, in the first half of 2016 through the cooperation with the local retailers. Leveraging the Group's reputation in the area, the Directors believe that this market will be a potential sales driver of the Group's online business.

Investment in direct procurement source

As part of the Group's corporate strategy to enrich its product mix in the fresh food and foreign-branded products segments, the Group is adjusting its sourcing model by increasing the percentage of direct procurement. Without paying the agency fees, the direct procurement not only reduces the procurement cost, but also provides a greater variety of products of high quality. In 2015, the Group has already secured the source of certain special products, such as Chinese-medicine flavored frozen chicken, imported fruit juices, branded edible sunflower seed oil products, as well as quality organic fresh vegetables, and has conducted workshops (namely “**Shirble Kitchen**”) and other marketing activities to promote the products. All of these activities are well-received by its customers.

To capture the potential from the growing demands of high quality products, in June 2016, the Group has entered into an agreement to acquire 10% of the equity interest of an online platform “釣胃口” for a consideration of RMB1 million. The major business activities of the online platform are providing a large variety of deep-sea fish and aquatic products and organising high-end fishing tours to its members. Following the investment, the Group intends to leverage on the online platform to provide its customers with high quality deep-sea fish and other aquatic products, which are not commonly available in the PRC market, both online and at the Group's physical stores.

CHAIRMAN'S STATEMENT



The Directors believe that control over suppliers is essential to ensure a stable and diversified supply of products to differentiate itself from its competitors. Hence, the Group will continue to identify such vertical integration opportunities.

Development of new wholesale business

To fully utilise the direct procurement source of specialty products, the Group has set up a team dedicated for the development of its wholesale/import and export business since late 2015. This team has been actively seeking business partners targeting local retailers and distributors in Shenzhen. In March 2016, the Group has entered into sales and purchase agreements with chain stores and several online distributors for the sale of branded edible sunflower seed oil products. The Group is also in discussion with other distributors in Guangzhou for product wholesales opportunities.

Enhancement of suppliers' settlement management system

In the first half of 2016, the Group has completed the enhancement of its suppliers' settlement management system, whereby a systematic approach is implemented to classify suppliers into different categories with settlement timetables and amounts corresponding to their categories. This new settlement system not only allows the Group to maintain a healthy cashflow and enhance the operational efficiency, it can also assist the Group to strengthen its supplier base by offering of more favorable settlement terms to high-graded suppliers with gradual elimination of weak or non-performing suppliers.

Evaluation on staff performance to enhance efficiency and performance

Following the successful introduction on its key performance indicators' assessment scheme and share award scheme in the past two years, the Group has engaged an independent adviser in the first half of 2016 to review its overall human resources policy. The Directors believe that, with all the new potential business lines and a competitive market environment, an attractive incentive scheme together with an effective appraisal system are essential to retain employees and improve the Group's performance.



CHAIRMAN'S STATEMENT

BUSINESS OUTLOOK

Collaboration with other online platforms

To continue the momentum of its online business, the Group targets to attract new members through its 20th anniversary marketing activities, including giving out free cash coupons for first registration/referral coupons and in-stores promotional campaigns in the second half of 2016. The Group is also exploring the potential to include more variety of products including electrical appliances and apparel items to be sold on its platform, as well as the provision of other services through strategic cooperation with other online platforms with different natures for synergistic effects.

Introduction of new formats and prudent store expansion plan

In view of the slow growth in the traditional retail sector and the rapid development of the e-commerce market, the Group adopted a prudent store expansion approach and started to adjust its business model to diversify into two business lines for its traditional physical stores. Apart from its hybrid model which includes supermarket section, electrical appliances section, department store section and ancillary facilities section operating under the “萬里雲集” brand, the Group has also started a new hypermarket model under the new brand “SMART”. The SMART line will be positioned as a high-end and trendy life-style store.

In April 2016, the Group has entered into an agreement for the lease of an area within a shopping mall located at Shixia, Futian district of Shenzhen with a gross floor area of approximately 3,511.5 sq.m. for the opening of one of its new SMART stores. The Group intends to open the store in the 2nd half of 2016. This new store will introduce the popular “concept life-style stores” format which combines various choices of hot delicacy and life-style pop-up stores and a cookery teaching classroom to be operated under Shirble Kitchen. The Directors anticipate that the new hypermarket model can attract younger customers with higher spending power, as well as to promote customers' interaction and loyalty.

Looking ahead, the Group intends to implement its new hypermarket model in different districts in Shenzhen, and will continue to refine its hybrid business model by differentiating the traditional and the trendy business lines through repositioning selected existing and pipeline stores including the Yitian store and Nankang store, the opening of which are now subject to further assessment of the market sentiment and the new business models.

CHAIRMAN'S STATEMENT



Category management

In the first half of 2016, the Group has conducted an overall category management review to enhance the Group's merchandise mix, including the reduction of stock-keeping units ("SKUs"), and the introduction of additional new product categories focusing on quality or special products. Together with the introduction of the Group's new settlement management system, the Group intends to eliminate slow moving items and identify weak suppliers, and to enhance the categories and items with more customers' demands.

Establishment of supply chain and logistic network

The Group is currently outsourcing its logistics functions for the operations of its online business. Upon the growing demand of this business segment and the introduction of other new different business segments, the Group will explore the possibility to develop a more extensive and integrated supply chain and logistic network which could cater for the need of both the physical and online store business, promoting a more efficient online-to-offline business model.

Potential investment opportunities

As mentioned above, the Directors will continue to explore and evaluate new business and investment opportunities in the retail and related sectors that could create synergies with the existing business of the Group and would be in the interest of the Shareholders.

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

31 August 2016



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Total gross sales proceeds

For the six months ended 30 June 2016, 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 of long-aged unredeemed prepaid cards) were RMB1,119.6 million, representing an increase of 5.1% from RMB1,065.1 million in the corresponding period of 2015. The increase in total gross sales proceeds was principally due to an increase in the sales as a result of improvement in overall operational efficiency as well as the promotion and increase of bulk purchases.

Revenue generated from direct sales of the Group amounted to RM572.8 million and the total sales proceeds from concessionaire sales amounted to RMB544.9 million, accounting for 51.2% and 48.7%, respectively, of the Group's total gross sales proceeds for the six months ended 30 June 2016. For the same period in 2015, revenue from direct sales amounted to RMB539.9 million, while the total sales proceeds from concessionaires sales amounted to RMB522.9 million, accounted for 50.7% and 49.1% 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:

	For the six months ended 30 June			
	2016 RMB million	%	2015 RMB million	%
Electronics and home appliances	98.0	8.8	122.4	11.5
Clothes, apparel and bedding	176.0	15.7	245.4	23.0
Children's goods	21.0	1.9	27.9	2.6
Sporting and stationery goods	129.3	11.5	27.2	2.6
Food and beverages	509.4	45.5	468.2	44.0
Daily necessities and cosmetic goods	184.0	16.4	171.7	16.1
Income from reversal of long-aged unredeemed pre-paid cards	1.9	0.2	2.3	0.2
	1,119.6	100.0	1,065.1	100.0



MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

The Group's revenue amounted to RMB707.5 million for the six months ended 30 June 2016, representing an increase of 5.2% as compared to RMB672.4 million in the corresponding period of 2015. The increase was principally due to an increase in the direct sales and rental income offset by the decrease in commission from concessionaire sales.

Direct sales increased by 6.1% to RMB572.8 million for the six months ended 30 June 2016 from RMB539.9 million in the corresponding period of 2015, principally due to an increase in the sales from existing stores as a result of enhancement of supermarket merchandise mix. Direct sales as a percentage of the Group's total revenue was 81.0% for the six months ended 30 June 2016 as compared to 80.3% in the corresponding period of 2015.

Commission from concessionaire sales decreased slightly by 2.5% to RMB81.8 million for the six months ended 30 June 2016 from RMB83.9 million in the corresponding period of 2015, mainly due to the lower commission rate as a result of more promotional campaigns in the first half of 2016, offset by the increase in concessionaire sales. The commission rate of concessionaire sales was 15.0% as compared to 16.0% for the corresponding period in 2015. Commission from concessionaire sales as a percentage of the Group's total revenue was 11.6% for the six months ended 30 June 2016 as compared to 12.5% for the corresponding period in 2015.

Rental income increased by 10.1% to RMB51.1 million for the six month ended 30 June 2016 from RMB46.4 million for the corresponding period in 2015, 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 7.2% for the six months ended 30 June 2016 as compared to 6.9% for the corresponding period in 2015.

Income from reversal of long-aged unredeemed pre-paid cards decreased by 17.4% to RMB1.9 million for the six months ended 30 June 2016 from RMB2.3 million in the corresponding period of 2015 due to the decrease in prepaid card issuance in past years.



MANAGEMENT DISCUSSION AND ANALYSIS

Other operating revenue

Other operating revenue increased by 7.5% to RMB65.8 million for the six months ended 30 June 2016 from RMB61.2 million in the corresponding period in 2015, mainly due to the increase in promotion, administration and management income as well as the credit card handling fees for concessionaires sales.

Other gain/(loss), net

Other net gain amounted to RMB1.6 million for the six months ended 30 June 2016 as compared with other net loss amounted to RMB0.7 million in the corresponding period of 2015, mainly due to the change in fair value of investment properties of RMB1.8 million. In the first half of 2015, the change in fair value gains from the investment properties of RMB2.0 million was offset by the provision for legal claims of RMB4.1 million.

Purchase of and changes in inventories

Purchase of and changes in inventories amounted to RMB499.0 million for the six months ended 30 June 2016, representing an increase of 7.3% as compared with RMB465.1 million in the corresponding period of 2015, 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 87.1% for the six months ended 30 June 2016 as compared with 86.1% in the same period of 2015.

Employee benefits

Employee benefits increased slightly by 3.5% to RMB92.6 million for the six months ended 30 June 2016 from RMB89.5 million in the corresponding period in 2015, primarily due to the provision for the grant of share awards to eligible employees in the second half of 2015.

Depreciation and amortisation

Depreciation and amortisation decreased by 16.0% to RMB22.6 million for the six months ended 30 June 2016 from RMB26.9 million in the corresponding period in 2015. The decrease was mainly due to the recognition of certain floors at Haifeng property as investment property.



MANAGEMENT DISCUSSION AND ANALYSIS

Operating lease rental expenses

Operating lease rental expenses decreased by 5.8% to RMB71.6 million for the six months ended 30 June 2016 from RMB76.0 million in the corresponding period of 2015.

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, remained stable at RMB52.2 million for the six months ended 30 June 2016 from RMB51.5 million in the corresponding period in 2015. 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 RMB36.8 million for the six months ended 30 June 2016 as compared with the operating profit of the Group of RMB23.9 million in the corresponding period in 2015.

Finance income

Finance income increased by 13.0% to RMB19.1 million for the six months ended 30 June 2016 from RMB16.9 million in the corresponding period of 2015, primarily due to the increase in capital gain from investment products, as well as interest income arising from the cash or cash equivalents.

Finance costs

Finance costs decreased by 20.0% to RMB1.2 million for the six months ended 30 June 2016 from RMB1.5 million in the corresponding period of 2015 which was primarily due to the repayment of half of the borrowings in the first half of 2016.



MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expense

Income tax expense amounted to RMB14.6 million for the six months ended 30 June 2016, representing an increase of 23.7% from RMB11.8 million in the corresponding period of 2015. 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 RMB40.1 million for the six months ended 30 June 2016, representing an increase of 45.8% as compared with the profit of RMB27.5 million in the corresponding period in 2015.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2016, the Group's cash and cash equivalents and bank deposits amounted to RMB1,342.4 million, representing a decrease of 14.0% from RMB1,560.9 million as at 31 December 2015. The cash and cash equivalents and bank deposits, which were in RMB, Hong Kong dollars and United State dollars, were deposited with banks in the PRC and Hong Kong for interest income.

As at 30 June 2016, the Group's outstanding bank borrowings amounted to RMB128.9 million (31 December 2015: RMB251.3 million). The borrowings are denominated in Hong Kong dollars with average interest rate of 1.420% per annum (31 December 2015: 1.321%). Restricted bank deposit of RMB210.0 million (31 December 2015: RMB394.8 million) were pledged to bank to secure the borrowings.

The gearing ratio of the Group expressed as a percentage of interest-bearing bank loans over the total assets was 5.5% as at 30 June 2016 (31 December 2015: 9.6%). After reviewing the latest cashflow position and in view of the increasing borrowing cost as a result of the Renminbi depreciation, the Group repaid half of the bank borrowings in February 2016. The remaining bank borrowings was fully settled in July 2016.



MANAGEMENT DISCUSSION AND ANALYSIS

Net current assets and net assets

The net current assets of the Group as of 30 June 2016 were RMB584.2 million (31 December 2015: RMB530.5 million), representing an increase of 10.1%. The net assets of the Group as at 30 June 2016 increased to RMB1,328.9 million (31 December 2015: RMB1,292.9 million), representing an increase of 2.8%.

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 and United States 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 2016, the Group recorded a net foreign exchange loss of RMB4.2 million as a result of the Renminbi depreciation. The Group has not used any forward contracts, currency borrowings or other means to hedge its foreign currency exposure.

Employees and remuneration policy

As at 30 June 2016, the total number of employees of the Group was 2,265. The Group's remuneration policy is determined with reference to market conditions and the performance, qualifications and experience of individual employees. The Company has also introduced the key performance indicators assessment scheme to boost performance and operational efficiency.

To recognise and reward the eligible employees for their contributions to the business development of the Group, the Company has adopted an employee's share award scheme on 22 January 2014. As approved by the Board under the share award schemes on 13 July 2015 and 17 December 2015, an aggregate of 32,502,000 Shares to 88 eligible employees have been granted and the related income will be vested to the relevant employees during a period of three years commencing from the first anniversary of the dates of grant in the percentages of 33.3%, 33.3% and 33.4%, respectively. As at the date of this report, 702,000 shares granted to three eligible employees have not been vested due to departure.



MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2016, the Group has appointed a consultant to review the internal control procedures on the human resources functions and staff performance appraisal procedures in order to further enhance the Group's remuneration policy. The new remuneration policy is target to be implemented in 2017.

Contingent liabilities

Certain suppliers, vendors and employees have commenced proceedings in the PRC against the Group in respect of disputes over contract terms. As at 30 June 2016, the legal proceedings were ongoing. The Group has made an accumulated provision of approximately RMB14,525,000 (2015: RMB14,084,000), which the Directors believe is adequate to cover the Group's liabilities, 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



羅兵咸永道

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 50, 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 2016 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 Hong Kong Standard on Review Engagements 2410 issued by the Hong Kong Institute of Certified Public Accountants. “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 Hong Kong 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



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CONCLUSION

羅兵咸永道

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, 31 August 2016



INTERIM CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2016

		Unaudited Six months ended 30 June	
	Note	2016 RMB'000	2015 RMB'000
Revenue	7	707,514	672,410
Other operating revenue	8	65,756	61,221
Other gain/(loss), net	9	1,578	(679)
Purchase of and changes in inventories	10	(498,966)	(465,111)
Employee benefits	10	(92,635)	(89,458)
Depreciation and amortisation	10	(22,608)	(26,928)
Operating lease rental expenses	10	(71,622)	(76,023)
Other operating expenses, net	10	(52,217)	(51,536)
Operating profit		36,800	23,896
Finance income		19,065	16,914
Finance costs		(1,172)	(1,475)
Finance income – net		17,893	15,439
Profit before income tax		54,693	39,335
Income tax expense	11	(14,634)	(11,832)
Profit for the period		40,059	27,503
Profit attributable to:			
Owners of the Company		40,059	27,503
Earnings per share for the profit attributable to owners of the Company during the period (expressed in RMB per share)			
– Basic and diluted	13	0.02	0.01

The notes on pages 27 to 50 form an integral part of this interim financial information.






INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Unaudited Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Profit for the period	40,059	27,503
Other comprehensive income:		
<i>Item that may be reclassified to profit or loss</i>		
Fair value (loss)/gains on available-for- sale financial assets, net of tax	(846)	1,617
Currency translation differences	(265)	5
Other comprehensive income for the period, net of tax	(1,111)	1,622
Total comprehensive income for the period	38,948	29,125
Total comprehensive income for the period attributable to:		
Owners of the Company	38,948	29,125

The notes on pages 27 to 50 form an integral part of this interim financial information.



INTERIM CONSOLIDATED BALANCE SHEET

For the six months ended 30 June 2016

	Note	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
ASSETS			
Non-current assets			
Investment properties	14	161,500	159,700
Property, plant and equipment	15	483,119	498,928
Intangible assets	15	20,485	18,240
Deferred income tax assets	16	49,261	50,583
Other receivables and prepayments	18	42,631	45,654
		756,996	773,105
Current assets			
Inventories		144,175	165,642
Available-for-sale financial assets	17	32,679	37,265
Trade receivables, other receivables and prepayments	18	78,289	83,051
Bank deposits	19	622,659	607,533
Cash and cash equivalents	19	719,789	953,378
		1,597,591	1,846,869
Total assets		2,354,587	2,619,974





INTERIM CONSOLIDATED BALANCE SHEET

For the six months ended 30 June 2016

	Note	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	20	213,908	213,908
Share premium	20	871,098	876,986
Shares held for share award scheme	20	(15,279)	(14,531)
Other reserves		228,170	225,621
Retained profits/(accumulated loss)		30,988	(9,071)
Total equity		1,328,885	1,292,913
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	16	12,348	10,729
Current liabilities			
Trade and other payables	22	830,082	1,008,934
Income tax payable		54,374	56,058
Borrowings	23	128,898	251,340
		1,013,354	1,316,332
Total liabilities		1,025,702	1,327,061
Total equity and liabilities		2,354,587	2,619,974

The notes on pages 27 to 50 form an integral part of this interim financial information.

YANG XIANGBO
Director

YANG TI WEI
Director

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

Unaudited
Attributable to owners of the Company

	Share capital RMB'000	Share premium RMB'000	Shares held for share award scheme RMB'000	Other reserves RMB'000	Retained profits/ (accumulated loss) RMB'000	Total equity RMB'000
At 1 January 2016	213,908	876,986	(14,531)	225,621	(9,071)	1,292,913
Comprehensive income						
Profit for the period	-	-	-	-	40,059	40,059
Other comprehensive income						
Revaluation of property, plant and equipment transfer to investment properties, net of tax	-	-	-	(846)	-	(846)
Currency translation differences	-	-	-	(265)	-	(265)
Total other comprehensive income	-	-	-	(1,111)	-	(1,111)
Total comprehensive income	213,908	876,986	(14,531)	224,510	30,988	1,331,861
Transaction with owners						
Employee share award schemes:						
- Value of employee services	-	-	-	3,660	-	3,660
- shares purchased for shared award schemes	-	-	(748)	-	-	(748)
Dividend	-	(5,888)	-	-	-	(5,888)
Total transactions with owners	-	(5,888)	(748)	3,660	-	(2,976)
At 30 June 2016	213,908	871,098	(15,279)	228,170	30,988	1,328,885

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Unaudited Attributable to owners of the Company				Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Accumulated loss 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
Total other comprehensive income	-	-	1,622	-	1,622
Total comprehensive income	-	-	1,622	27,503	29,125
Transaction with owners					
Dividend	-	(8,976)	-	-	(8,976)
At 30 June 2015	213,908	885,362	210,051	(28,534)	1,280,787

The notes on pages 27 to 50 form an integral part of this interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

		Unaudited Six months ended 30 June	
	Note	2016 RMB'000	2015 RMB'000
Cash flows from operating activities			
Cash used in operations		(101,076)	(15,614)
Interest paid		(1,172)	(1,475)
Income tax paid		(13,378)	(1,742)
Net cash used in operating activities		(115,626)	(18,831)
Cash flows from investing activities			
Purchases of property, plant and equipment and other non-current assets	15	(3,851)	(12,173)
Purchases of intangible assets	15	(2,325)	-
Purchase of available-for-sale financial assets		-	(229,860)
Proceeds from disposals of available-for-sale financial assets		4,034	9,102
Proceeds from disposals of property, plant and equipment		306	1,867
(Increase)/decrease in bank deposits with initial term of over three months		(199,973)	19,713
Decrease in restricted bank deposits		184,847	197,316
Interest received		28,992	22,960
Net cash generated from investing activities		12,030	8,925
Cash flows from financing activities			
Proceeds from borrowings		-	236,585
Repayments of borrowings		(122,443)	(236,661)
Payments for the share purchase for the employees' share award scheme		(748)	-
Dividends paid to the Company's shareholders		(5,888)	(8,976)
Net cash used in financing activities		(129,079)	(9,052)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of period		953,378	554,810
Effect of changes in foreign exchange rate		(914)	(35)
Cash and cash equivalents at 30 June	19	719,789	535,817

The notes on pages 27 to 50 form an integral part of this interim financial information.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

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 with effect from 17 November 2010.

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

The condensed consolidated interim financial information have been approved for issue by the board of directors on 31 August 2016.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2016 (“**the interim period**”) has been prepared in accordance with International Accounting Standard (“**IAS**”) 34, ‘Interim Financial Reporting’. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, 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 2016

3. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in those annual financial statements except for the adoption of amendments to IFRSs effective for the financial year ending 31 December 2016.

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

Amendments to IFRSs effective for the financial year ending 31 December 2016 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 condensed consolidated interim 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 2015.

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 condensed consolidated interim 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 2015.

There have been no significant changes to risk management policies since year end.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2 Liquidity risk

Compared to those of 31 December 2015, there was no material change in the contractual undiscounted cash out flows for financial liabilities as at 30 June 2016.

5.3 Fair value estimation

The table below analyses the Group's assets carried at fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy 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).

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Fair value estimation (continued)

30 June 2016	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Available-for-sale financial assets				
Wealth management products with variable return rate	-	32,679	-	32,679
Investment properties (Note 14)	-	-	161,500	161,500
	-	32,679	161,500	194,179
<hr/>				
31 December 2015	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Available-for-sale financial assets				
Wealth management products with variable return rate	-	37,265	-	37,265
Investment properties (Note 14)	-	-	159,700	159,700
	-	37,265	159,700	196,965

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

- Trade and other receivables
- Bank deposits
- Cash and cash equivalents
- Trade and other payables



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

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 People's Republic of China ("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 period are generated in the PRC and all significant operating assets of the Group are located in PRC.

7. REVENUE

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Direct sales	572,773	539,910
Commission from concessionaire sales	81,758	83,868
Rental income	51,062	46,379
Income from reversal of long-aged unredeemed prepaid cards	1,921	2,253
	707,514	672,410

8. OTHER OPERATING REVENUE

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Promotion, administration and management income	58,249	55,587
Credit card handling fees for concessionaire sales	5,922	3,912
Others	1,585	1,722
	65,756	61,221

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

9. OTHER GAIN/(LOSS), NET

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Change in fair value of investment properties (Note 14)	1,800	2,000
Compensation for the contract damages	223	953
Provision for legal claims (Note 22)	(441)	(4,069)
Loss on disposal of property, plant and equipment	(188)	(1,025)
Others	184	1,462
	1,578	(679)

10. EXPENSES BY NATURE

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

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Purchase of and changes in inventories	498,966	465,111
Employee benefit expenses	92,635	89,458
Operating lease rental expenses	71,622	76,023
Depreciation and amortisation expenses (Note 15)	22,608	26,928
Auditor's remuneration	778	785
Other operating expenses, net	51,439	50,751
	738,048	709,056

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

11. INCOME TAX EXPENSES

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Current income tax		
– PRC corporate income tax	11,693	7,022
Deferred income tax	2,941	4,810
	14,634	11,832

- (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 RMB 5,888,000 that relates to the year ended 31 December 2015 was declared in 22 March 2016 and paid in June 2016 (2015: RMB8,976,000).

On 31 August 2016, the board of directors of the Company approved an interim cash dividend of RMB0.0049 (equivalent to approximately HKD0.0057) per share for the interim period, totalling RMB12,201,000 (equivalent to approximately HKD14,222,000) (six months ended 30 June 2015: RMB8,376,000 (equivalent to approximately HKD10,621,000)). The interim dividend was proposed out of the share premium account and this interim financial information do not reflect this dividend payable.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

13. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period. The repurchases of the Company's own ordinary shares was reflected in the weighted average number of ordinary shares in issue from the date shares were repurchased. The weighted average number of ordinary shares in issue changed for the six months ended 30 June 2016 due to the purchase of shares for an employees' share award scheme.

	Six months ended 30 June	
	2016	2015
Profits attributable to owners of the Company (in RMB thousand)	40,059	27,503
Weighted average number of ordinary shares in issue (thousand)	2,463,603	2,495,000
Basic earnings per share (RMB per share)	0.02	0.01

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

13. EARNINGS PER SHARE (CONTINUED)

(b) Diluted earnings per share

The awarded shares granted by the Company have potential dilutive effect on the earnings per share. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from awarded shares granted by the Company. No adjustment is made to earnings (numerator).

	Six months ended 30 June	
	2016	2015
Earnings (in RMB thousands)		
Profits attributable to owners of the Company	40,059	27,503
Weighted average number of ordinary shares (thousands)		
Weighted average number of ordinary shares in issue	2,463,603	2,495,000
Adjustments for awarded shares	31,397	–
Weighted average number of ordinary shares for diluted earnings per share	2,495,000	2,495,000
Diluted earnings per share (RMB per share)	0.02	0.01

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

14. INVESTMENT PROPERTIES

	2016 RMB'000	2015 RMB'000
At fair value:		
At 1 January	159,700	64,000
Change in fair value (Note 9)	1,800	2,000
At 30 June	161,500	66,000

As at 30 June 2016, the Group had no unprovided contractual obligations for future repairs and maintenance (2015: Nil).

The Group's investment properties were valued as at 30 June 2016 by an independent and professionally qualified valuer who holds a recognised relevant professional qualification and has recent experience in the locations of the investment properties valued.

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

15. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Property, plant and equipment RMB'000	Intangible assets RMB'000
Six months ended 30 June 2016		
At 1 January 2016	498,928	18,240
Additions	5,675	3,863
Disposals	(494)	-
Depreciation	(20,990)	(1,618)
At 30 June 2016	483,119	20,485
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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

16. DEFERRED INCOME TAX

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 2016 RMB'000	31 December 2015 RMB'000
Deferred income tax assets	49,261	50,583
Deferred income tax liabilities	(12,348)	(10,729)
Net deferred income tax assets	36,913	39,854

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

	2016 RMB'000	2015 RMB'000
At 1 January	39,854	48,230
Charged to consolidated income statement (Note 11)	(2,941)	(4,810)
At 30 June	36,913	43,420

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016 RMB'000	2015 RMB'000
At 1 January	37,265	–
Additions	–	225,733
Disposals	(3,970)	(9,009)
Net (loss)/gains transfer to equity	(846)	1,617
Currency translation difference	230	–
At 30 June	32,679	218,341

The Group's available-for-sale financial assets as at 30 June 2016 represented non-principal guaranteed wealth management products with variable return rate. The available-for-sale financial assets are denominated in RMB and USD.

The wealth management product is neither past due nor impaired.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

18. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	As at	
	30 June 2016 RMB'000	31 December 2015 RMB'000
Current portion:		
Trade receivables (a)	35,825	33,105
Lease deposits	4,263	4,492
Prepayments	8,898	8,673
Receivable from a trustee for the share purchase for the employees' share award scheme (b)	14,105	14,502
Interest receivables	5,669	15,598
Other receivables	8,505	6,662
Amounts due from a related party (Note 25(c))	1,024	19
	78,289	83,051
Non-current portion:		
Lease deposits	30,894	30,555
Prepayments for acquisition of a property	11,125	12,007
Prepayments for computer software	233	1,661
Prepayments for construction project	379	1,431
	42,631	45,654
	120,920	128,705

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

18. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

(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.

The aging analysis of the trade receivables of the Group based on invoice date is as follows:

	As at	
	30 June 2016 RMB'000	31 December 2015 RMB'000
0 – 30 days	17,084	23,475
31 – 90 days	11,725	6,073
91 – 365 days	7,016	3,557
	35,825	33,105

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

As at 30 June 2016, trade receivables of RMB35,825,000 (31 December 2015: RMB33,105,000) were fully recoverable.

(b) Receivable from a trustee for the share purchase for the employees' share award scheme

This receivable represented the Group's cash paid to an independent trustee for the purchase of the award shares for the employees' share award scheme.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

19. BANK DEPOSITS, CASH AND CASH EQUIVALENTS

	As at	
	30 June 2016 RMB'000	31 December 2015 RMB'000
Bank deposits with initial terms of over three months	412,660	212,687
Restricted deposit for bank borrowing	209,999	394,846
Total bank deposits	622,659	607,533
Cash and cash equivalents	719,789	953,378
	1,342,448	1,560,911

20. SHARE CAPITAL, SHARE PREMIUM AND SHARES HELD FOR SHARE AWARD SCHEME

	Number of ordinary shares (thousand)	Ordinary Share capital RMB'000	Share premium RMB'000 (Note a)	Shares held for share award scheme RMB'000 (Note b)	Total RMB'000
At 1 January 2016	2,495,000	213,908	876,986	(14,531)	1,076,363
Dividends to equity shareholders	-	-	(5,888)	-	(5,888)
Shares purchased for shared award schemes (Note 21)	-	-	-	(748)	(748)
At 30 June 2016	2,495,000	213,908	871,098	(15,279)	1,069,727
At 1 January 2015	2,495,000	213,908	894,338	-	1,108,246
Dividends to equity shareholders (Note 12)	-	-	(8,976)	-	(8,976)
At 30 June 2015	2,495,000	213,908	885,362	-	1,099,270

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

20. SHARE CAPITAL, SHARE PREMIUM AND SHARES HELD FOR SHARE AWARD SCHEME (CONTINUED)

(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.

(b) Shares held for share award scheme represented the award shares purchased for purpose of the share award scheme adopted by the Company. See Note 21 for further details.

21. SHARE-BASED PAYMENTS

The Company adopted an employees' share award scheme ("**Share Award Scheme**") on 22 January 2014 ("**Adoption Date**") in order to recognise and reward the eligible employees for their contributions to the business and development of the Group. The maximum numbers of the award shares ("**Award Shares**") which may be granted under the Share Award Scheme and to any participant are 49,900,000 shares and 2,495,000 shares respectively. The participants of the Share Award Scheme will be granted an award in the form of Award Shares for nil consideration. Subject to any early termination as may be determined by the Board pursuant to the scheme rules, the Share Award Scheme will be valid and effective for a term of ten years commencing on the Adoption Date. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The Share Award Scheme is managed by an independent trustee ("**Trustee**") appointed by the Group. The Trustee purchases the award shares under the direction of the Company for the purpose of the Share Award Scheme. During the period ended 30 June 2016, the Company gave directions to the Trustee to acquire 2,000,000 ordinary shares of the Company for a total consideration of HKD897,000 (approximately RMB748,000). The carrying amount of the ordinary shares acquired is presented as shares held for share award scheme in the equity (Note 20 (b)).



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

21. SHARE-BASED PAYMENTS (CONTINUED)

Movement of shares held for share award scheme for the six months ended 30 June 2016 are as follows:

	Number of Shares (thousand)	Amount RMB'000
At 1 January 2016	30,400	14,531
Purchase of Award Shares	2,000	748
At 30 June 2016	32,400	15,279

The Award Shares were divided into 3 tranches on an equal basis as at their grant date. The first tranche can be exercised after an anniversary from the grant date, and the remaining tranches will become exercisable in each subsequent year. The fair value of the awarded shares was calculated based on the market price of the Company's shares at the respective grant date, which is to be expensed over the vesting period.

Movement of the Award Shares granted to the employees for the six months ended 30 June 2016 is as follows:

	Shares granted on 13 July 2015 (thousand)	Shares granted on 17 December 2015 (thousand)	Total (thousand)
At 1 January 2016	18,672	13,830	32,502
Lapsed during the period	(702)	–	(702)
At 30 June 2016	17,970	13,830	31,800

Including: Award Shares Granted to a director of the Company	2,490	–	2,490
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

21. SHARE-BASED PAYMENTS (CONTINUED)

The amounts of share-based compensation recognised as expenses with a corresponding credit to reserves of the Group during the period are as follows:

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Employees (excluding directors)	3,392	–
Directors	268	–
Total employees benefit expenses	3,660	–

22. TRADE AND OTHER PAYABLES

	As at	
	30 June 2016 RMB'000	31 December 2015 RMB'000
Trade payables (a)	193,869	260,706
Rental payables	183,048	187,901
Other tax payables	16,691	20,155
Deferred income (b)	22,299	25,937
Accrued wages and salaries	21,106	28,835
Advances received from customers (c)	259,289	345,356
Deposits	60,982	61,700
Advances from suppliers	5,805	6,083
Amount due to related parties (Note 25(c))	149	157
Accrual for legal claims (Note 26)	14,525	14,084
Other payables and accruals	52,319	58,020
	830,082	1,008,934

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

22. TRADE AND OTHER PAYABLES (CONTINUED)

- (a) The aging analysis of the trade payables of the Group were as follows:

	As at	
	30 June 2016 RMB'000	31 December 2015 RMB'000
0 – 30 days	107,034	123,759
31 – 60 days	1,400	48,145
61 – 90 days	28,695	19,294
91 – 365 days	26,295	37,464
1 year – 2 years	813	4,240
2 years – 3 years	3,443	4,104
Over 3 years	26,189	23,700
	193,869	260,706

- (b) The amount mainly represented the carrying amount of unredeemed awarded credits.
- (c) The amount mainly represented cash received for prepaid cards sold.
- (d) The amount represented provision for legal claims for certain suppliers, vendors and employees have commenced proceedings against the Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

23. BORROWINGS

	As at	
	30 June 2016 RMB'000	31 December 2015 RMB'000
Bank borrowings, secured	128,898	251,340

Movements in borrowings is analysed as follows:

	RMB'000
Six months ended 30 June 2016	
At 1 January 2016	251,340
Repayments of borrowings	(124,986)
Effect of changes in foreign exchange rate	2,544
At 30 June 2016	128,898

As at 30 June 2016, the bank borrowings were denominated in HKD and subject to an annual average interest rate of 1.420% (2015: 1.321%). The bank borrowings were repayable within one year and secured by pledged deposits of RMB209,999,000 (2014: RMB394,846,000).

24. COMMITMENTS

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

	As at	
	30 June 2016 RMB'000	31 December 2015 RMB'000
Capital commitments – expenditures of property, plant and equipment – Contracted but not provided for	4,357	7,893

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

24. COMMITMENTS (CONTINUED)

(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 2016 RMB'000	31 December 2015 RMB'000
Land and buildings:		
Not later than 1 year	142,934	140,708
Later than 1 year and not later than 5 years	511,376	467,946
Over 5 years	888,359	938,156
	1,542,669	1,546,810

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 3 to 22 years, with an option to renew the lease but the terms are subject to renegotiation.

(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 2016 RMB'000	31 December 2015 RMB'000
Land and buildings:		
Not later than 1 year	85,495	76,317
Later than 1 year and not later than 5 years	165,455	135,536
Over 5 years	138,400	113,344
	389,350	325,197

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

25. RELATED PARTY TRANSACTIONS

The Group is controlled by Shirble Department Store Limited (incorporated in the BVI), which owns 66.6% of the shares in the Company. 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.

In addition to those disclosed elsewhere in the financial statements, 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

The following transactions were carried out with related parties:

(a) Rental expenses to related parties

	Six months ended 30 June	
	2016 RMB'000	2015 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 their use as retail shops, a training centre and employee dormitories.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

25. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Rental income from related parties

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Lufeng Haige	1,500	1,500

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

(c) Balances with related parties

(i) Amount due from related parties

	As at	
	30 June	31 December
	2016	2015
	RMB'000	RMB'000
Lufeng Haige	1,024	19

Subsequent to 30 June 2016, the amount due from Lufeng Haige has been repaid.

(ii) Amounts due to related parties

	As at	
	30 June	31 December
	2016	2015
	RMB'000	RMB'000
Ruizhuo Investment	131	121
Shirble Inn	18	36
	149	157

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

25. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Balances with related parties (continued)

(iii) Key management compensation

Key management includes directors (executive and non-executive), members of the Executive Committee and the Company Secretary. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Basic salaries and allowances	6,261	6,102
Half Year-end bonuses	337	325
Contributions to the retirement scheme	29	28
Share-based compensation expenses	923	–
	7,550	6,455

26. CONTINGENT LIABILITIES

Certain suppliers, vendors and employees have commenced legal proceedings in the PRC against the Group in respect of disputes over contract terms. As at 30 June 2016, the legal proceedings were ongoing. The Group has made an accumulated provision of approximately RMB14,525,000 (31 December 2015: RMB14,084,000), which the directors believe is adequate to cover the amounts, if any, payable in respect of these claims.



OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieve and maintain high corporate governance standards. In the opinion of the Directors, throughout the six months ended 30 June 2016, 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 (the “**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 March 2016, the Group appointed a reputable internal control consultant to assist the management to review the internal control on human resources procedures and suppliers’ settlement procedures 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 in 2016.

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 2016.



OTHER INFORMATION

AUDIT COMMITTEE

As of the date of this report, 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 2016, 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 annual results for the year ended 31 December 2015.

In addition, the Group's unaudited interim results for the six months ended 30 June 2016 have been reviewed by the Audit Committee and by the auditor of the Company in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity".

INTERIM DIVIDEND

The Board declares an interim dividend of RMB0.0049 (equivalent to approximately HKD0.0057) per Share or in the total amount of RMB12.2 million (equivalent to approximately HKD14.2 million) (2015: RMB0.0034 (equivalent to approximately HKD0.0041) per Share or in the total amount of RMB8.4 million (equivalent to approximately HKD10.2 million)) for the six months ended period ended 30 June 2016 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 2016. The interim dividend will be paid on or around 4 October 2016 to Shareholders whose names appear on the Register of Members at the close of business on 20 September 2016.



OTHER INFORMATION

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 15 September 2016 to 20 September 2016 (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 14 September 2016.

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 2016, 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:

- 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 2016, 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 2016.

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

As of 30 June 2016, 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 2016, 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 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 Employees' Share Award Scheme rules, 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, the rights to receive 18,672,000 Shares have been granted to 28 eligible employees pursuant to the Employee's Share Award Scheme. Subsequently, on 17 December 2015, the rights to receive an additional 13,830,000 Shares have been granted to 60 eligible employees. As approved by the Board under the Employees' Share Award Scheme, the aggregate of 32,502,000 Shares and the related income will be vested to the relevant employees during a period of three years commencing from the first anniversary of the dates of grant in the percentages of 33.3%, 33.3% and 33.4%, respectively.

As at the date of this report, 702,000 shares granted to three eligible employees have not been vested due to departure.

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 2016.



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

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In China
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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



PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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