



# 銀泰商业

Intime Retail (Group) Company Limited

銀泰商業(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1833

# NEW INTIME INTERNET+



# 2016

INTERIM REPORT



[www.yintai.com](http://www.yintai.com)



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NEW INTIME  
INTERNET

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## Corporate Profile

Intime Retail (Group) Company Limited (the “Company”) was incorporated in the Cayman Islands with limited liability on 8 November 2006. The Company and its subsidiaries (the “Group”) are principally engaged in the operation and management of department stores and shopping malls in the People’s Republic of China (the “PRC”). The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 20 March 2007.

The Group commenced its department store business in 1998 when its first department store was established in Hangzhou, namely the Hangzhou Wulin store. After 18 years of development, the Group has established a leading position in Zhejiang province and secured strategic footholds in Hubei province, Shaanxi province, Anhui province, Hebei province and Beijing. As at 30 June 2016, the Group operated and managed a total of 29 department stores and 17 shopping malls with a total gross floor area of 2,924,654 square meters, including 20 department stores and 10 shopping malls located in the principal cities of Zhejiang province, 6 department stores and 1 shopping mall located in Hubei province, 1 department store located in Beijing, 3 shopping malls located in Anhui province, 1 shopping mall located in Hebei province, 1 shopping mall located in Guangxi province, and 2 department stores and 1 shopping mall located in Shaanxi province. All of the Group’s stores and shopping malls are located in prime shopping locations of their respective cities and aim to provide the Group’s customers with pleasant and perfect shopping experience. In addition, the Group also holds a 50% equity interest in Beijing Youyi Lufthansa Shopping City Co., Ltd. Beijing Lufthansa Centre.

The Group adopts “Bring you a new lifestyle” as its motto and has traditionally targeted young and modern families as its major customers. The Group focuses on operating trendy department stores while also actively developing comprehensive shopping malls, online store and online-to-offline (O2O) business. The Group positions its merchandise in the medium to high-end market with a commitment to offering excellent shopping experiences. With increasing sales floor area under management and broadening O2O business, the Group is gradually broadening its range of merchandise and service offerings, as well as providing more comprehensive, richer shopping related amenities and services.

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors:

CHEN Xiaodong

### Non-Executive Directors:

ZHANG Yong (*Chairman*)

XIN Xiangdong

### Independent Non-Executive Directors:

CHOW Joseph

CHEN Jiangxu

HU Yongmin (appointed on 13 July 2016)

YU Ning (passed away on 1 June 2016)

## REGISTERED OFFICE

P.O. Box 309GT

Ugland House

South Church Street, George Town

Grand Cayman

Cayman Islands

## HEAD OFFICE

1063-3, Creative Culture Industrial Park,

Sihui East Road,

Chaoyang District,

Beijing 100124

PRC

Tel: +86 10 87159300

Fax: +86 10 87159385

Email: info@intime.com.cn

## COMPANY SECRETARY

CHOW Hok Lim *FCCA, CPA*

## AUTHORIZED REPRESENTATIVES

CHEN Xiaodong

CHOW Hok Lim

## AUDIT COMMITTEE

CHOW Joseph (*Chairman*)

CHEN Jiangxu

HU Yongmin (appointed on 13 July 2016)

YU Ning (passed away on 1 June 2016)

## REMUNERATION COMMITTEE

CHEN Jiangxu (*Chairman*)

CHOW Joseph

HU Yongmin (appointed on 13 July 2016)

YU Ning (passed away on 1 June 2016)

## NOMINATION COMMITTEE

HU Yongmin (*Chairman*)

(appointed on 13 July 2016)

CHEN Jiangxu

CHOW Joseph

YU Ning (passed away on 1 June 2016)

## STRATEGIC DEVELOPMENT COMMITTEE

ZHANG Yong (*Chairman*)

CHEN Xiaodong

## LEGAL ADVISERS AS TO HONG KONG LAW

Orrick, Herrington & Sutcliffe

43rd Floor, Gloucester Tower

The Landmark

15 Queen's Road Central

Hong Kong

## Corporate Information

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1703, Tower II  
Admiralty Centre  
18 Harcourt Road  
Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services  
Limited  
Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

### PRINCIPAL BANKERS

Bank of China  
China Construction Bank  
China Merchants Bank  
Hongkong and Shanghai Banking Corporation  
Industrial and Commercial Bank of China  
Ping An Bank  
Standard Chartered Bank  
Shanghai Pudong Development Bank

### AUDITORS

Ernst & Young  
*Certified Public Accountants*

### STOCK CODE

1833

### COMPANY WEBSITE

[www.intime.com.cn](http://www.intime.com.cn)

# Management Discussion & Analysis

## MACROECONOMIC OVERVIEW

China's gross domestic products ("GDP") growth rate slowed down to 6.7% in the first half of 2016, after growing at a moderate but stable growth rate of 6.9% in 2015. China's retail sales growth rate continued to slow down, but remained healthy, in the first half of 2016. The total retail sales of consumer goods in China reached RMB15,613.8 billion in the first half of 2016, representing a year-on-year rise of 10.3%. According to the China National Commercial Information Centre, retail sales of 100 key large-scale retail enterprises dropped 3.2% year-on-year during the first half of 2016. The operating environment of the physical retail industry has been very challenging.

E-commerce has transformed the competitive landscape. The online retail sales in China reached RMB2,236.7 billion in the first half of 2016, representing a year-on-year growth of 28.2%, among which the online retail sales of physical goods were RMB1,814.3 billion, representing an increase of 26.6%. The online retail sales of physical goods accounted for 11.6% of the China's total retail sales of consumer goods in the first half of 2016. While traditional retailers continue to struggle, e-commerce has continued to provide an avenue for sales that is experiencing strong growth.

The economy of Zhejiang province, where the Group has maintained a leading market position, achieved a healthy and stable GDP growth rate of 7.7% year-on-year for the first half of 2016. The total retail sales of consumer goods in Zhejiang province rose by 10.9% to RMB1,018.0 billion for the six months ended 30 June 2016. The per capita disposable income of urban households in Zhejiang province also increased by 8.3% year-on-year to RMB24,519 for the first six months of 2016.

## OPERATIONAL OVERVIEW

Amid the overall slowdown in the physical retail industry, the intensifying market competition, and the softening in consumption growth, the Group reported a total gross sales proceeds (that is, the aggregate proceeds from direct sales, gross revenue from concessionaire sales, rental income, management fee income and commissions from sale of goods) of RMB8,351.7 million for the six months ended 30 June 2016, representing a decrease of 2.3% compared with the same period last year. Same-store sales proceeds from concessionaire and direct sales of the Group decreased by 4.1% compared with the same period last year. For the six months ended 30 June 2016, total revenue of the Group was RMB3,048.0 million, representing a decrease of 0.3% compared with the same period last year. Profit attributable to owners of the parent was RMB561.1 million, representing a decrease of 21.3% compared with the same period last year. Such decrease was mainly attributable to 1) the absence of gain on disposal of interests in an associate of approximately RMB188.5 million as recognized in the first half of 2015; 2) the reduction of gain on disposal of subsidiary amounted to RMB23.5 million as compared with the same period last year; 3) the loss from hedging foreign exchange risk of a dual-currency term loan facility amounted to RMB42.3 million recognized in the first half of 2016; and 4) the decline of same-store sales proceeds from concessionaire and direct sales of 4.1%.

# Management Discussion & Analysis

## Expansion of Network

During the period under review, the Group continued to prudently seek for potential opportunities to expand its retail network. In January 2016, the Group opened its first factory outlet in Xiasha of Hangzhou. With a gross floor area of approximately of 65,000 square meters, the store provides online to offline (“O2O”) services to customers and comprises of factory outlets, restaurants, children’s playground and large cinemas.

As at 30 June 2016, the Group operated and managed a total of 29 department stores and 17 shopping malls with a total gross floor area of 2,924,654 square meters, including 20 department stores and 10 shopping malls located in the principal cities of Zhejiang province, 6 department stores and 1 shopping mall located in Hubei province, 1 department store located in Beijing, 3 shopping malls located in Anhui province, 1 shopping mall located in Hebei province, 1 shopping mall located in Guangxi province, and 2 department stores and 1 shopping mall located in Shaanxi province. All of the Group’s stores and shopping malls are located in prime shopping locations of their respective cities and aimed to provide the Group’s customers with pleasant and perfect shopping experience.

## Offering Good Products at Reasonable Price

Offering good products at reasonable price is the basic fundamental of the retail industry. During the period under review, the Group focused on enhancing operational efficiency and improving the merchandize mix and brand mix in order to stay ahead of the market competition and the fashion trends. We have strengthened our efforts to monitor store sales activities and to track shopping preference in order to provide richer and better shopping experience to customers. In addition, the Group continued with its strategy to reduce layers of supplies and to improve the efficiency of the supply chain in order to provide competitive merchandize to customers. The Group continued to foster close business partnerships with leading suppliers. Armed with timely data, store managers have been empowered to make actionable decisions in a timelier manner and to execute strategies that could deliver immediate results from the store floor.

## Online to Offline Integration

During the period under review, the Group cooperated with Alibaba Group Holding Limited (“Alibaba”) further on developing O2O initiatives and providing better consumption solution to the market. We have benefited not only from the information technology and big data expertise of Alibaba, but also from the learning of internet thinking and experience from Alibaba. Apart from the O2O initiatives such as Miaojie, Miaohuo, Choice, I Choice and Miaoke which have been performing well, the Group has introduced new online to offline integration formats, namely Jihood and InJunior. These initiatives have provided a solid foundation for the Group to attract new customers, deepen the notion of putting customers’ needs first, fasten the omni-channel development and better the customers shopping experience.

## Management Discussion & Analysis

The Group has achieved further integration with Alibaba's platform. On one hand, the Group has supported online brands on Alibaba's platforms to sell at the Company's physical stores. On the other hand, the Group has stepped up efforts to encourage the Company's offline brands to sell on Alibaba's platforms. At present, about 68 Tao brands from online have been selling at the Group's physical stores. The Group also plans to collaborate with more Tao brands for selling at its physical stores in the near future. Currently, approximately 786 offline brands of the Company are already selling online. Focusing on the customers' needs, the Group aims to integrate O2O platforms through unifying the online and offline information about customers, products and services.

### Implementation of Asset-Light Strategies

As disclosed in the Company's announcement dated 17 May 2016, the Group entered into a series of agreements pursuant to which the Group agreed to (i) transfer the entire equity interests in Beijing Jingtai Xianghe Asset Management Limited Liability Company ("Jingtai Xianghe") to Harvest Capital Management Co., Ltd. ("Harvest Capital") for a total consideration of RMB325,546,710.17 (the "Equity Transfer Agreement"); (ii) enter into a lease agreement with Jingtai Xianghe for the lease of the Beijing Dahongmen Store (the "Lease Agreement"); (iii) make an investment of RMB330 million into an asset management scheme managed by Minsheng Securities Co. Ltd. ("Minsheng Securities") with China Merchant Bank Co. Ltd. (Shanghai Branch) ("CMB (Shanghai)") as the asset custodian ("Minsheng Asset Management Contract (Intime)"), which will in turn invest in an asset management scheme operated by Harvest Capital ("HCJX Asset Management Scheme"), with Jingtai Xianghe as part of its asset; (iv) (a) acquire the interests under the asset management contract dated 17 May 2016 between China Merchant Bank Co. Ltd. ("CMB"), Minsheng Securities (as asset manager) and CMB (Shanghai) (as asset custodian) pursuant to which CMB agreed to deposit an investment amount of RMB500 million as entrusted assets to a designated account with CMB (Shanghai) ("Minsheng Asset Management Contract (CMB)"), which will in turn also invest in the HCJX Asset Management Scheme; or (b) dispose of its interests under the Minsheng Asset Management Contract (Intime) in accordance with the terms of a right of first refusal agreement between CMB and Zhejiang Intime Department Store Co., Ltd., an indirect wholly-owned subsidiary of the Company ("Zhejiang Intime"), (the "Right of First Refusal Agreement"), pursuant to which CMB grants a right of first refusal to Zhejiang Intime to acquire all the rights/interests of CMB under the Minsheng Asset Management Contract (CMB) (the "Dahongmen Project Asset-Light Arrangement").



## Management Discussion & Analysis

The main asset of Jingtai Xianghe is the Beijing Dahongmen Store. The Dahongmen Project Asset-Light Arrangement enables the Group to pursue asset-light strategies and to restructure the way it holds the property interest in Beijing Dahongmen Store. The net proceeds from the disposal of the equity interest of Jingtai Xianghe will be used by the Group to pursue other potentially more profitable investment opportunities in the future in order to strengthen its core business of operation and management of department stores and shopping malls. In addition, Jingtai Xianghe was indebted to other members of the Group for intra-group loans which amounted to approximately RMB500 million in aggregate (the “Shareholder Loan”). The HCJX Asset Management Scheme will provide the financial resources for Jingtai Xianghe to settle the Shareholder Loan after completion of the Equity Transfer Agreement.

As its overall strategy, the Group seeks opportunities to enhance its financial flexibility by adopting asset-light strategies. The Dahongmen Project Asset-Light Arrangement represents the Group’s plan to transform into an asset-light company and to realize the value in Jingtai Xianghe. In particular, the Dahongmen Project Asset-Light Arrangement, as enabled by the participation of CMB, allows the Company to release the capital previously invested in the Beijing Dahongmen Store, while continuing to conduct the Group’s department store business at the Beijing Dahongmen Store through the Lease Agreement. The Group will be able to re-invest in its core business of retailing and, by paying off its debt with such cash, optimize its capital structure.

In addition, the Dahongmen Project Asset-Light Arrangement provides a platform which offers flexibility to the Group as to the manner in which it can liquidize fixed assets. In this respect, the terms of the Minsheng Asset Management Contract (Intime) and the Right of First Refusal Agreement enable the Group to exit its investment under the Minsheng Asset Management Contract (Intime) in several ways, including by way of public offering of REITs. As contemplated under the Right of First Refusal Agreement, subject to compliance with the relevant laws and regulations and the instruction of CMB and the Group, the HCJX Asset Management Scheme will take the form of a REITs for public offering as the preferred exit strategy, through which the Group can exit from its investment under the Minsheng Asset Management Contract (Intime).

### Completion of the Issue of Conversion Shares to Alibaba Investment

As disclosed in the Company’s announcement dated 29 June 2016, the Company received a conversion notice (the “Conversion Notice”) from the Alibaba Investment Limited (“Alibaba Investment”) on 29 June 2016 in relation to the conversion (the “Conversion”) of all of the outstanding convertible bonds held by Alibaba Investment at the conversion price of approximately HK\$7.1309. Pursuant to the Conversion Notice, a total of 535,185,846 conversion shares were issued and allotted to Alibaba Investment on 30 June 2016 upon full conversion of all of the outstanding convertible bonds held by Alibaba Investment. Immediately after the completion of the Conversion, Alibaba Investment has become the single largest shareholder of the Company.

# Management Discussion & Analysis

## OUTLOOK

With increasing wealth and rising consumer sophistication, the retail market in China is undergoing fundamental changes. The most significant change is their abiding interest in trading up – more Chinese consumers are willing to pay a premium for higher quality products and services. Chinese consumers are increasingly trading up from mass products to premium products and from material consumption to services consumption. Chinese consumers today are also becoming accustomed to optimizing their shopping experience across different channels, including physical stores, online platforms and social media. We are witnessing the modernization of the Chinese consumers, and that will only make the market more challenging for traditional retailers. But for those who are able to get it right, the rewards are expected to be substantial.

The future of consumer retail will be a combination of both the online and offline experience. By adhering to the principle of “customer orientation, care for staff, innovation & reform”, and by adopting the means of “digitalization, omni-channelization, platformization and entertainmentization”, the Group is committed to establishing itself as a consumption solution provider driven by big data to satisfy growing consumption. The Group plans to comprehensively cooperate with Alibaba on O2O business integration and development. By leveraging on Alibaba’s leading e-commerce platform and big data capability, the Group is well positioned to thrive in the “internet+” era. Despite the recent challenging business environment, the Group remains prudently optimistic about China’s retail market development in future. We will focus on improving operational efficiency in order to increase customers’ satisfaction and the value of the Company.

## FINANCIAL REVIEW

### Total gross sales proceeds and revenue

For the six months ended 30 June 2016, total gross sales proceeds of the Group (that is, the aggregate proceeds from direct sales, gross revenue from concessionaire sales, rental income, management fee income and commissions from sale of goods) amounted to RMB8,351.7 million, representing a decrease of 2.3% from RMB8,550.8 million recorded in the corresponding period of last year. Same-store sales proceeds from concessionaire and direct sales of the Group decreased by 4.1% compared with the same period last year.

Among the total gross sales proceeds of the Group, total sales proceeds from concessionaire sales accounted for 81.4% (2015 first half: 83.4%) and those derived from direct sales accounted for 12.2% (2015 first half: 11.2%). Sales proceeds from concessionaire sales decreased by 4.7% to RMB6,797.1 million in the first half of 2016. The commission rate of concessionaire sales was stable at 17.2% in the first half of 2016 (2015 first half: 17.4%).

## Management Discussion & Analysis

In line with the Group's strategy to strengthen its direct sales, total sales proceeds from direct sales increased by 6.1% to RMB1,018.1 million in the first half of 2016. Direct sales margin was approximately 15.3% for the six months ended 30 June 2016, which was lower than the sales margin of 16.9% recorded in the first half of 2015.

Rental income increased by 19.7% to RMB517.9 million in the first half of 2016. The increase was mainly due to the increase in rentable areas from the new shopping malls opened in the year 2015 and the more efficient use of the rental areas.

The Group's total retail revenue for the six months ended 30 June 2016 amounted to RMB2,725.5 million, representing an increase of 2.3% as compared with RMB2,664.4 million recorded in the same period last year. Including sales of properties, the Group's total revenue for the six months ended 30 June 2016 amounted to RMB3,048.0 million, representing a decrease of 0.3% as compared with RMB3,056.0 million recorded in the same period last year. The Group has been constantly reviewing the performance of the suppliers and concessionaires, with an aim to enhance and strengthen the merchandize mix and to provide better shopping choices to its customers.

### Other income and gains

For the six months ended 30 June 2016, the Group's other income amounted to RMB274.4 million, representing an increase of 14.6% from RMB239.5 million recorded for the corresponding period of last year. The increase was largely due to an increase in subsidy income, which was mainly comprised of refund of tax from municipal government amounted to RMB24.9 million.

Other losses of the Group amounted to RMB7.6 million for the six months ended 30 June 2016, while the gains recorded in the first half of 2015 amounted to RMB220.7 million. This was primarily due to 1) the absence of gain on disposal of interests in an associate of approximately RMB188.5 million as recognized in the first half of 2015; 2) the reduction of gain on disposal of subsidiary amounted to RMB23.5 million as compared with the same period last year; 3) the loss from hedging foreign exchange risk of a dual-currency term loan facility amounted to RMB42.3 million recognized in the first half of 2016.

### Purchases of goods and changes in inventories

The purchases of goods and changes in inventories represent the cost of the direct sales. The Group's cost of sales increased to RMB862.2 million for the six months ended 30 June 2016, representing an increase of 8.2% from RMB797.0 million recorded in the corresponding period of last year.

## Management Discussion & Analysis

### Sale of properties, cost of properties sold, properties development expenses and finance costs of properties development

The Group's cost of properties sold, properties development expenses and finance costs of properties development amounted to RMB193.4 million, RMB35.1 million and RMB12.7 million, respectively, which were related to the sale of properties amounted to RMB322.5 million for the six months ended 30 June 2016.

### Staff costs

For the six months ended 30 June 2016, the Group's staff costs decreased to RMB368.2 million, representing a decrease of 4.8% from RMB386.7 million recorded in the corresponding period of last year. The decrease was mainly due to more efficient manpower utilization. Staff costs as a percentage of total revenue in the first half of 2016 was 12.1%, which was lower than 12.7% recorded in the same period last year.

### Depreciation and amortisation

For the six months ended 30 June 2016, the Group's depreciation and amortisation increased to RMB252.0 million, representing an increase of 4.0% from RMB242.2 million recorded in the corresponding period of last year. The increase was primarily due to the inclusion of depreciation and amortisation costs for the renovation and modernization work for stores. Depreciation and amortisation as a percentage of total revenue in the first half of 2016 was 8.3%, which was slightly higher than 7.9% recorded in the same period last year.

### Other expenses

Other expenses, which mainly consisted of utility expenses, rental expenses, advertising expenses, credit card charges and other tax expenses, amounted to RMB920.6 million for the six months ended 30 June 2016, representing an increase of 5.4% from RMB873.8 million recorded in the same period last year. Other expenses as a percentage of total revenue in the first half of 2016 was 30.2%, which was slightly higher than 28.6% recorded in the same period last year.

### Share of profits and losses of associates

The share of net profits of associates for the six months ended 30 June 2016 amounted to RMB169.2 million, representing a decrease of 6.3% from RMB180.6 million recorded in the corresponding period of last year. The share of profits and losses of associates mainly represents the Group's share of results of its equity interests in Beijing Youyi Lufthansa Shopping City Co., Ltd. Beijing Lufthansa Centre and Wuhan Department Store Group Co., Ltd.

## Management Discussion & Analysis

### Finance income

For the six months ended 30 June 2016, finance income of the Group amounted to RMB102.3 million, representing a slight decrease of 2.6% from RMB105.0 million recorded in the corresponding period of last year.

### Finance costs of retailing

For the six months ended 30 June 2016, finance costs of retailing of the Group amounted to RMB114.7 million, representing an increase of 25.2% from RMB91.6 million recorded in the corresponding period of last year.

### Income tax expense

The Group's income tax expense for the six months ended 30 June 2016 amounted to RMB226.2 million, representing a decrease of 36.2% from RMB354.8 million recorded in the first half of 2015. Effective tax rate of the Group for the six months ended 30 June 2016 was 27.3% (2015 first half: 31.8%).

### Profit for the period

As a result of the reasons mentioned above, profit for the six months ended 30 June 2016 amounted to RMB601.3 million, representing a decrease of 20.9% from RMB760.1 million recorded in the corresponding period of last year.

### Profit attributable to owners of the parent

Profit attributable to owners of the parent for the six months ended 30 June 2016 amounted to RMB561.1 million, representing a decrease of 21.3% from RMB713.1 million recorded in the corresponding period of last year.

### Liquidity and financial resources

The Group's cash and cash equivalents amounted to RMB1,857.8 million as at 30 June 2016, representing an increase of RMB277.3 million from the balance of RMB1,580.5 million as at 31 December 2015. During the period under review, the Group's net cash outflow in operating activities amounted to RMB260.5 million, the net cash inflow from financing activities amounted to RMB631.7 million and the net cash outflow in investment activities amounted to RMB167.1 million.

## Management Discussion & Analysis

As at 30 June 2016, the Group's borrowings, including interest-bearing bank and other borrowings amounted to RMB3,625.0 million (31 December 2015: the total of interest-bearing bank and other borrowings and convertible bonds amounted to RMB5,979.2 million). All the outstanding convertible bonds were converted into ordinary shares of the Company on 30 June 2016. The gearing ratio, calculated by the total interest-bearing bank and other borrowings and convertible bonds (if any) over the total assets of the Group, decreased to 12.8% as at 30 June 2016 (31 December 2015: 21.1%).

### Net current liabilities and net assets

The net current liabilities of the Group as at 30 June 2016 amounted to RMB1,329.8 million, while it was RMB3,489.2 million as at 31 December 2015. Net assets of the Group as at 30 June 2016 amounted to RMB15,466.7 million, representing an increase of 28.6% from RMB12,024.5 million as at 31 December 2015.

### Pledge of assets

Certain buildings, investment properties, land use rights, completed properties held for sale, properties under development and time deposits with a carrying amount of RMB2,086.9 million have been pledged to the Industrial and Commercial Bank of China, Standard Chartered Bank and the Hong Kong and Shanghai Banking Corporation Limited to obtain bank facilities in the aggregate amount of RMB2,159.7 million as at 30 June 2016.

### Foreign exchange risk

The operations of the Group are mainly carried out in Mainland China with most transactions settled in RMB. Certain of the Group's cash and bank deposits are denominated in Hong Kong dollars. In addition, the Company pays dividends in Hong Kong dollars. Any significant exchange rate fluctuations of Hong Kong dollars and United States dollars against RMB may have financial impacts on the Group. During the year under review, the Group applied forward currency contracts to hedge against exchange risk resulting from a dual-currency term loan facility denominated in Hong Kong dollars and United States dollars. There was no hedging instrument outstanding as at 30 June 2016. The Group will from time to time review and adjust the Group's hedging and financing strategies based on the RMB, Hong Kong dollars and United States dollars exchange rate movement. It is the policy of the Group not to enter into any derivative products for speculative activities.

## Management Discussion & Analysis

### Staff and remuneration policy

As at 30 June 2016, the total number of employees of the Group was 7,915. The Group strives to offer a good working environment, a diversified range of training programs as well as an attractive remuneration package to its employees. The Group endeavours to motivate its staff with performance based remuneration. On top of the basic salary, staff with outstanding performance will be rewarded by way of bonuses, share options, honorary awards or a combination of all the above. Such rewards are aimed to further align the interests of its employees with that of the Group, to attract talented individuals, and to create long term incentives for its staff.

### Contingent Liabilities

Details of the contingent liabilities are set out in Note 25 to the Interim Condensed Consolidated Financial Statement.

## Other Information

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

As at 30 June 2016, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules were as follows:

<b>Name of Directors/ Chief Executive Officer</b>	<b>Nature of Interest</b>	<b>Number and class of securities <sup>(1)</sup></b>	<b>Approximate percentage of interest in such corporation</b>
Mr. Chen Xiaodong	Beneficial owner <sup>(2)</sup>	L53,800,000	1.98%

Notes:

- (1) The Letter "L" denotes the person's long position in such Shares.
- (2) Mr. Chen Xiaodong, an executive director and the Chief Executive Officer of the Company, is the beneficial owner of 42,250,000 shares of the Company. He also holds options in respect of a total of 11,550,000 shares of the Company as at 30 June 2016.

Save as disclosed above, as at 30 June 2016, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.



## Other Information

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

As at 30 June 2016, so far as is known to any Director or chief executive of the Company, the persons (other than the Directors and the chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, which were directly or indirectly, interested in 10% of more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group were as follows:

Name of shareholders	Nature of Interest	Number and Class of Securities <sup>(1)</sup>	Approximate percentage of interest in such corporation
Mr. Shen Guojun	Interest of controlled corporation <sup>(2)</sup>	L262,974,015	9.69%
Fortune Achieve Group Ltd.	Interest of controlled corporation <sup>(2)</sup>	L258,774,015	9.53%
Glory Bless Limited	Interest of controlled corporation <sup>(2)</sup>	L258,774,015	9.53%
Intime International Holdings Limited	Beneficial Owner <sup>(2)</sup>	L258,774,015	9.53%
Alibaba Investment Limited	Beneficial Interest <sup>(3)</sup>	L755,727,738	27.83%
Alibaba Group Holding Limited	Interest in controlled corporation <sup>(3)</sup>	L755,727,738	27.83%

Notes:

- (1) The letter "L" denotes the person's long position in such shares of the Company; the letter "S" denotes the person's short position in such shares of the Company; the letter "P" denotes the person's lending pool in such shares of the Company.
- (2) Mr. Shen Guojun is the beneficial owner of the entire issued share capital of Fortune Achieve Group Ltd., which in turn is the beneficial owner of the entire issued share capital of Glory Bless Limited, which in turn is the beneficial owner of the entire issued share capital of Intime International Holdings Limited, which holds 258,774,015 shares of the Company. Mr. Shen Guojun is a director in each of Fortune Achieve Group Ltd., Glory Bless Limited and Intime International Holdings Limited. Mr. Shen Guojun is also the beneficial owner of the entire share capital of East Jump Management Limited which holds 4,200,000 shares of the Company.
- (3) Alibaba Investment Limited is wholly owned by Alibaba Group Holding Limited. Accordingly, Alibaba Group Holding Limited is deemed to be interested in all the shares in which Alibaba Investment Limited is interested.

## Other Information

Save as disclosed above, as at 30 June 2016, so far as is known to the Directors or the chief executive of the Company, no other person (not being a Director or chief executive of the Company) had any interests or short positions in the shares, underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or, who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

### SHARE OPTION SCHEME

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

The Scheme will remain valid for a period of ten years commencing on 20 March 2007, after which no further share options will be granted but the provisions of the Scheme shall remain in full force and effect in other respects. As at the date of this report, the remaining life of the Scheme is approximately 7 months. Share options complying with the provisions of the Listing Rules which are granted during the duration of the Scheme and remain unexercised immediately prior to the end of the 10-year period shall continue to be exercisable in accordance with their terms of grant within the share option period for which share options are granted, notwithstanding the expiry of the Scheme. The maximum number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue as at the date of listing of shares of the Company (such 10% representing 180,000,000 shares), without prior approval from the Company's shareholders. No option may be granted to any one person such that the total number of shares issued and to be issued upon the exercise of the Options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued share capital from time to time, unless the approval of our shareholders is obtained. Options granted to a substantial shareholder or an independent non-executive Director or any of their respective associates in the 12-month period in excess of 0.1% of the Company's issued share capital or with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

## Other Information

The period with which the Options must be exercised will be specified by the Company at the time of grant and must expire no later than 10 years from the date of grant of the Options (being the date on which the board makes a written offer of grant of the Options to the relevant proposed beneficiary) unless the Company obtains specified shareholder's approval in relation to such grant. Unless the Directors determine otherwise, there is no minimum period for which an option must be held before it can be exercised under the Scheme. Participants of the Scheme are required to pay the Company HK\$1.0 upon acceptance of the grant on or before 30 days after the offer date. The exercise price for the shares under the Scheme will not be less than the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant; and (iii) the nominal value of a share of the Company.

As at 30 June 2016, the total number of shares available for issue under the Scheme is 56,068,500, representing 2.06% of the issued shares of the Company.

## Other Information

The movements in share options granted under the share option scheme adopted by the Company for the six months ended 30 June 2016 are shown below:

Name or category of participant	Date of Grant	Exercise Price per share HK\$	Number of share options					As at 30 June 2016	Exercise Period	Closing price immediately before the date of grant HK\$	Weighted Average closing price immediately before the date of exercise HK\$
			As at 1 January 2016	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
<b>Director &amp; Chief Executive Officer</b>											
<b>Chen Xiaodong</b>	26/05/2010	6.49	450,000	-	-	450,000	-	-	27/5/2011-26/5/2016	6.24	-
	1/4/2011	10.77	1,000,000	-	-	500,000	-	500,000	2/4/2012-1/4/2017	10.56	-
	22/6/2012	7.56	900,000	-	-	-	-	900,000	23/6/2013-22/6/2018	7.35	-
	10/4/2013	9.27	1,800,000	-	-	450,000	-	1,350,000	11/4/2014-10/4/2019	9.05	-
	25/6/2014	6.85	2,800,000	-	-	-	-	2,800,000	26/6/2015-25/6/2020	6.80	-
	27/3/2015	4.85	3,000,000	-	-	-	-	3,000,000	28/3/2016-27/3/2021	4.95	-
	30/3/2016	6.37	-	3,000,000	-	-	-	3,000,000	31/3/2017-30/3/2022	6.20	-
<b>Other employees in aggregate</b>											
	26/5/2010	6.49	894,000	-	-	869,000	25,000	-	27/5/2011-26/5/2016	6.24	-
	26/8/2010	9.00	615,000	-	-	-	-	615,000	27/8/2011-26/8/2016	8.93	-
	1/4/2011	10.77	4,875,000	-	-	356,000	-	4,519,000	2/4/2012-1/4/2017	10.56	-
	22/6/2012	7.56	8,382,500	-	-	1,844,500	142,000	6,396,000	23/6/2013-22/6/2018	7.35	-
	10/4/2013	9.27	2,701,000	-	-	54,500	3,500	2,643,000	11/4/2014-10/4/2019	9.05	-
	25/6/2014	6.85	3,180,000	-	-	-	-	3,180,000	26/6/2015-25/6/2020	6.80	-
	27/3/2015	4.85	14,148,000	-	-	-	1,991,000	12,157,000	28/3/2016-27/3/2021	4.95	-
	30/3/2016	6.37	-	14,240,000	-	-	160,000	14,080,000	31/3/2017-30/3/2022	6.20	-
<b>Total</b>			44,745,500	17,240,000	-	4,524,000	2,321,500	55,140,000			

## Other Information

Note:

- (1) Share options granted under the Scheme shall vest in the grantees in accordance with the timetable below (for this purpose, the date or each such date on which the share options are to vest being hereinafter referred to as a “Vesting Date”):

<b>Vesting Date</b>	<b>Percentage of Share Options to vest</b>
First anniversary of the Date of Grant	25% of the total number of options granted
Second anniversary of the Date of Grant	25% of the total number of options granted
Third anniversary of the Date of Grant	25% of the total number of options granted
Fourth anniversary of the Date of Grant	25% of the total number of options granted

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

During the six months ended 30 June 2016, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

### **SUFFICIENCY OF PUBLIC FLOAT**

The Company has maintained a sufficient public float throughout the six months ended 30 June 2016.

### **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

To the knowledge and belief of the Directors, the Company has complied with the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and are not aware of any non-compliance with the CG Code for the six months ended 30 June 2016.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. All Directors have confirmed that throughout the six months ended 30 June 2016, they have complied with the required standard set out in the Model Code.

## Other Information

### INTERIM DIVIDEND

The Board has declared the payment of an interim dividend of RMB0.10 per share for the six months ended 30 June 2016 (an interim dividend of RMB0.10 per share and a special dividend of RMB0.10 per share for the six months ended 30 June 2015) to shareholders whose names appear on the register of members of the Company on 14 October 2016. The interim dividend will be paid in Hong Kong dollars, such amount is to be calculated by reference to the middle rate published by People's Bank of China for the conversion of RMB to Hong Kong dollar as at 14 October 2016. The interim dividend will be payable on 11 November 2016.

### CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders' entitlement to the interim dividend, the register of members of the Company will be closed from Tuesday, 11 October 2016 to Friday, 14 October 2016, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the declared interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 pm on Friday, 7 October 2016.

### REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The Audit Committee of the Board has reviewed the unaudited interim results of the Group for the six months ended 30 June 2016 and considered that the results complied with the relevant accounting standards, rules and regulations and appropriate disclosure has been duly made. The Audit Committee has three members comprised of three independent non-executive Directors, namely, Mr. Chow Joseph, Mr. Chen Jiangxu and Mr. Hu Yongmin. Mr. Chow Joseph is the chairman of the Audit Committee.

### APPRECIATION

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

By order of the Board  
**Intime Retail (Group) Company Limited**  
**Zhang Yong**  
*Chairman*

Beijing, 16 August 2016

## Interim Consolidated Statement of Profit or Loss

For the six months period ended 30 June 2016

	Notes	For the six months period ended 30 June	
		2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Retail revenue		2,725,504	2,664,387
Sale of properties		322,529	391,567
<b>Total revenue</b>	4	<b>3,048,033</b>	3,055,954
Other income and gains	5	266,842	460,160
Purchases of goods and changes in inventories	6	(862,195)	(796,969)
Cost of properties sold	6	(193,391)	(209,702)
Properties development expenses	6	(35,064)	(50,247)
Staff costs	6	(368,241)	(386,650)
Depreciation and amortisation	6	(252,021)	(242,164)
Other expenses		(920,593)	(873,776)
Share of profits and losses of:			
A joint venture		–	(21,368)
Associates		169,213	180,587
Finance income	7	102,291	104,955
Finance costs of retailing	7	(114,685)	(91,598)
Finance costs of properties development	7	(12,698)	(14,218)
<b>Profit before tax</b>		<b>827,491</b>	1,114,964
Income tax expense	8	(226,211)	(354,833)
<b>Profit for the period</b>		<b>601,280</b>	760,131
<b>Attributable to:</b>			
Owners of the parent		561,136	713,144
Non-controlling interests		40,144	46,987
		<b>601,280</b>	760,131
<b>Earnings per share attributable to ordinary equity</b>			
<b>holders of the parent (expressed in RMB per share)</b>	10		
Basic			
– For profit for the period		0.26	0.33
Diluted			
– For profit for the period		0.22	0.28

## Interim Consolidated Statement of Comprehensive Income

For the six months period ended 30 June 2016

	For the six months period ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
<b>Profit for the period</b>	<b>601,280</b>	760,131
<b>Other comprehensive income</b>		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(71,840)	3,953
Share of other comprehensive income of associates	–	580
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>(71,840)</b>	4,533
<b>Total comprehensive income for the period</b>	<b>529,440</b>	764,664
<b>Attributable to:</b>		
Owners of the parent	489,296	717,677
Non-controlling interests	40,144	46,987
	<b>529,440</b>	764,664



## Interim Consolidated Statement of Financial Position

30 June 2016

	Notes	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	5,157,095	5,975,499
Investment properties	12	7,274,000	7,249,000
Prepaid land lease payments	11	1,516,787	1,545,106
Prepayments, deposits and other receivables	15	90,000	90,000
Goodwill		535,609	535,609
Other intangible assets		43,963	47,550
Prepaid rental		107,296	118,075
Interests in associates		2,657,103	2,480,903
Loans and receivables – third parties		98,543	98,543
Loans and receivables – related parties	28	1,091,765	1,276,453
Available-for-sale investments		370,253	40,253
Deferred tax assets		304,783	314,475
<b>Total non-current assets</b>		<b>19,247,197</b>	<b>19,771,466</b>
<b>CURRENT ASSETS</b>			
Inventories	13	444,746	523,480
Completed properties held for sale	14	1,374,330	1,567,721
Prepayments, deposits and other receivables	15	935,096	865,443
Loans and receivables – third parties		163,197	158,893
Loans and receivables – related parties	28	1,085,647	707,149
Due from related parties	28	1,314,326	1,411,149
Trade receivables	16	29,733	33,795
Cash in transit	17	90,277	88,263
Pledged deposits	18	–	67,000
Restricted bank balances	18	45,596	46,777
Cash and cash equivalents	18	1,857,813	1,580,529
		<b>7,340,761</b>	<b>7,050,199</b>
Assets of disposal group classified as held for sale		1,734,871	1,456,517
<b>Total current assets</b>		<b>9,075,632</b>	<b>8,506,716</b>

## Interim Consolidated Statement of Financial Position

30 June 2016

	Notes	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	19	1,755,994	2,621,636
Other payables and accruals	20	4,892,039	5,504,251
Interest-bearing bank and other borrowings	21	2,089,762	2,564,721
Due to related parties	28	53,355	27,556
Tax payable		268,385	488,221
		<b>9,059,535</b>	11,206,385
Liabilities directly associated with the assets classified as held for sale		1,345,900	789,481
<b>Total current liabilities</b>		<b>10,405,435</b>	11,995,866
<b>NET CURRENT LIABILITIES</b>		<b>(1,329,803)</b>	(3,489,150)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>17,917,394</b>	16,282,316
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	21	1,535,216	313,000
Deferred tax liabilities		821,601	796,842
Deferred subsidy income		93,850	46,444
Convertible bonds		–	3,101,509
<b>Total non-current liabilities</b>		<b>2,450,667</b>	4,257,795
<b>NET ASSETS</b>		<b>15,466,727</b>	12,024,521
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	22	198	163
Equity component of convertible bonds		–	126,417
Reserves		14,523,255	10,910,968
		<b>14,523,453</b>	11,037,548
<b>Non-controlling interests</b>		<b>943,274</b>	986,973
<b>Total equity</b>		<b>15,466,727</b>	12,024,521

# Interim Consolidated Statement of Changes in Equity

For the six months period ended 30 June 2016

	Attributable to owners of the parent										Total equity RMB'000		
	Share capital RMB'000 (note 22)	Share premium RMB'000	Capital redemption reserve RMB'000	Capital reserve RMB'000	Reserve for fair value changes of available-for-sale investments RMB'000	Discretionary reserves fund RMB'000	Statutory reserves RMB'000	Retained profits RMB'000	Exchange fluctuation reserve RMB'000	Equity component of convertible bonds RMB'000		Share option reserve RMB'000 (note 23)	Non-controlling interests RMB'000
<b>At 1 January 2016</b>	163	4,054,721	11	382,149	277	7,032	687,265	6,099,228	(348,002)	128,417	29,287	986,973	12,024,521
Profit for the period	-	-	-	-	-	-	561,136	-	-	-	-	40,144	601,280
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(71,840)	-	-	-	(71,840)	(71,840)
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	561,136	(71,840)	-	-	-	40,144	529,440
Conversion of convertible bonds	35	3,337,930	-	-	-	-	-	-	(128,417)	-	-	-	3,211,548
Transfer of share option reserve upon the forfeiture or expiry of share options	-	-	-	-	-	-	9,856	-	-	(9,856)	-	-	-
Equity-settled share option arrangements	-	-	-	-	-	-	-	-	-	7,740	-	-	7,740
Contribution by non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	6,849	-	6,849
Final 2015 dividend declared	-	(261,606)	-	-	-	-	-	-	-	-	(261,606)	-	(261,606)
Dividend declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(545)	(545)
Acquisition of non-controlling interest	-	-	-	38,927	-	-	-	-	-	-	-	(90,147)	(51,220)
<b>At 30 June 2016 (Unaudited)</b>	198	7,131,045	11	421,076	277	7,032	6,669,220	(419,842)	-	27,171	14,523,453	943,274	15,466,727

# Interim Consolidated Statement of Changes in Equity

For the six months period ended 30 June 2016

	Attributable to owners of the parent											Total equity RMB'000			
	Share capital RMB'000 (note 22)	Share premium RMB'000	Capital redemption reserve RMB'000	Capital reserve RMB'000	Reserve for fair value changes of available-for-sale investments RMB'000	Discretionary reserves fund RMB'000	Statutory reserves RMB'000	Retained profits RMB'000	Exchange fluctuation reserve RMB'000	Equity component of convertible bonds RMB'000	Share option reserve RMB'000 (note 23)		Proposed final dividend RMB'000	Total RMB'000	Non-controlling interests RMB'000
<b>At 1 January 2015</b>	163	4,422,632	10	385,971	179	7,032	594,938	4,854,991	(20,942)	126,417	63,089	260,503	10,694,983	1,086,110	11,781,093
Profit for the period	-	-	-	-	-	-	713,144	-	-	-	-	-	713,144	46,987	760,131
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	3,953	-	-	-	-	3,953	-	3,953
Partial disposal of interests in an associate	-	-	-	618	(38)	-	-	-	-	-	-	-	580	-	580
<b>Total comprehensive income for the period</b>	-	-	-	618	(38)	-	713,144	3,953	-	-	-	-	717,677	46,987	764,664
Exercise of share options	1	124,536	-	-	-	-	-	-	-	(28,061)	-	-	96,476	-	96,476
Repurchase of shares	-	(505)	-	-	-	-	-	-	-	-	-	-	(505)	-	(505)
Transfer of share option reserve upon the forfeiture or expiry of share options	-	-	-	-	-	-	16,973	-	-	(16,973)	-	-	-	-	-
Equity-settled share option arrangements	-	-	-	-	-	-	-	-	-	7,685	-	-	7,685	-	7,685
Contribution by non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	850	850
Dividend on shares issued for employee share options exercised after 31 December 2014	-	(1,983)	-	-	-	-	-	-	-	-	-	-	(1,983)	-	(1,983)
Dividend declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	(11,976)	(11,976)
Final 2014 dividend declared	-	-	-	-	-	-	-	-	-	-	-	(260,503)	(260,503)	-	(260,503)
Acquisition of non-controlling interest	-	-	-	(4,440)	-	-	-	-	-	-	-	-	(4,440)	(65,840)	(70,280)
<b>At 30 June 2015 (Unaudited)</b>	164	4,544,670	10	382,149	141	7,032	594,938	5,585,108	(16,989)	126,417	25,740	-	11,249,380	1,056,131	12,305,511

## Interim Consolidated Statement of Cash Flows

For the six months period ended 30 June 2016

	Notes	For the six months period ended 30 June	
		2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		827,491	1,114,964
Adjustments for:			
Finance costs of retailing	7	114,685	91,598
Finance costs of properties development	7	12,698	14,218
Share of profits and losses of a joint venture		–	21,368
Share of profits and losses of associates		(169,213)	(180,587)
Finance income	7	(102,291)	(104,955)
Loss/(gain) on disposal of items of property, plant and equipment		775	(171)
Gain on disposal of a subsidiary		(7,271)	(30,744)
Gain on partial disposal of interests in an associate		–	(188,542)
Equity-settled share option expense	23	7,740	7,685
Depreciation of property, plant and equipment	11	218,865	208,354
Fair value gains on investment properties		(24,743)	(10,894)
Amortisation of prepaid land lease payments	11	28,319	28,165
Amortisation of other intangible assets		4,837	5,645
Amortisation of prepaid rental		174,467	149,465
		<b>1,086,359</b>	<b>1,125,569</b>
Decrease in restricted cash		68,181	16,557
Increase in prepayments, deposits and other receivables		(267,961)	(71,017)
Decrease/(increase) in trade receivables		4,062	(4,283)
Increase in cash in transit		(2,014)	(11,345)
Decrease in inventories		78,734	47,392
Decrease in trade and bills payables		(865,642)	(697,341)
Decrease in advances from customers		(1,515)	(51,145)
Decrease/(increase) in amounts due from related parties		104,930	(55,424)
Increase/(decrease) in amounts due to related parties		25,799	(4,615)
Increase in properties under development		(212,214)	(252,293)
Decrease in completed properties held for sale		193,391	209,702
Increase/(decrease) in other payables and accruals		27,367	(20,039)
Cash generated from operations		<b>239,477</b>	<b>231,718</b>
Interest paid		(88,602)	(65,928)
Income tax paid		(411,356)	(467,370)
Net cash flows used in operating activities		<b>(260,481)</b>	<b>(301,580)</b>

## Interim Consolidated Statement of Cash Flows

For the six months period ended 30 June 2016

	Notes	For the six months period ended 30 June	
		2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		29,356	131,143
Purchases of items of property, plant and equipment and investment properties		(415,802)	(687,798)
Purchases of other intangible assets		(1,249)	(3,659)
Acquisition of non-controlling interest		(51,220)	(14,056)
Acquisition of prepaid land lease payments		–	(287)
Purchase of available-for-sale financial assets		(330,000)	–
Disposal of a subsidiary	24	257,221	372,202
Proceeds from disposal of items of property, plant and equipment		4,455	12,766
Proceeds from partial disposal of interests in an associate		–	391,699
Advances to third parties		(31,800)	(30,400)
Repayment of advances from third parties		6,287	33,017
Loans to related parties		(220,000)	(654,113)
Collection on loans and receivables from related parties		72,000	206,850
Dividend received from an associate		–	40,257
Collection on advances from related parties		13,700	239,688
Repayment of advances to third parties		–	(164,748)
Collection on advance to a subsidiary disposed of		500,000	–
Net cash flows used in investing activities		(167,052)	(127,439)

## Interim Consolidated Statement of Cash Flows

For the six months period ended 30 June 2016

	Notes	For the six months period ended 30 June	
		2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from exercise of share options		–	96,476
Capital contribution from non-controlling shareholders		6,849	850
Proceeds from interest-bearing bank and other borrowings		3,793,978	1,256,488
Repayments of interest-bearing bank and other borrowings		(3,075,315)	(1,144,263)
Dividends paid		(35)	(22,043)
Dividends paid to non-controlling shareholders		(545)	(1,224)
Repurchase of shares		–	(505)
Advance from third parties		(93,282)	–
Net cash flows from financing activities		631,650	185,779
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		204,117	(243,240)
Cash and cash equivalents at beginning of the period		1,693,269	2,174,746
Effect of foreign exchange rate changes, net		4,556	7,910
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>			
		1,901,942	1,939,416
Analysis of balances of cash and cash equivalents			
Cash and bank balances		1,857,813	1,875,951
Cash and cash equivalents as stated in the statement of financial position	18	1,857,813	1,875,951
Cash and short term deposits attributable to the disposal group held for sale		44,129	63,465
Cash and cash equivalents as stated in the statement of cash flows		1,901,942	1,939,416

# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

## 1. CORPORATE INFORMATION

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

The Company’s shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 20 March 2007.

### 2.1 BASIS OF PREPARATION

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

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).



# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

## 2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those in the Group's annual financial statements for the year ended 31 December 2015, except for the adoption of the new standards and interpretations effective on 1 January 2016, noted below:

The following new standard and amendment to standards are mandatory for the first time for the financial year beginning 1 January 2016.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011) <i>Annual Improvements 2012-2014 Cycle</i>	<i>Equity Method in Separate Financial Statements</i> Amendments to a number of HKFRSs

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

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

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

HKFRS 9	<i>Financial Instruments</i> <sup>1</sup>
HKFRS 15	<i>Revenue from Contracts with Customers</i> <sup>1</sup>
HKFRS 16	<i>Leases</i> <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>3</sup> No mandatory effective date yet determined but is available for adoption

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application.

# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

## 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on income derived from business and has four reportable operating segments as follows:

- the department store segment operates and manages department stores in Mainland China;
- the shopping mall segment operates shopping malls in Mainland China;
- the property development segment develops and sells properties in Mainland China; and
- the others segment comprises, principally, the Group's trading business.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that share of profits and losses of associates, share of profits and losses of a joint venture, finance income, finance costs, equity-settled share option expense, fair value gains on investment properties, unallocated gains and losses, net, and other unallocated head office and corporate expenses are excluded from this measurement.

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

### 3. OPERATING SEGMENT INFORMATION (CONTINUED)

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Period ended 30 June 2016 (Unaudited)	Department store <i>RMB'000</i>	Shopping mall <i>RMB'000</i>	Property development <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue</b>					
Sales to external customers	1,812,651	818,252	322,529	94,601	3,048,033
Intersegment sales	-	-	-	41,184	41,184
	1,812,651	818,252	322,529	135,785	3,089,217
<i>Reconciliation:</i>					
Elimination of intersegment sales					41,184
Revenue					3,048,033
<b>Segment results</b>	500,471	159,834	92,022	9,049	761,376
<i>Reconciliation:</i>					
Share of profits and losses of:					
Associates					169,213
Finance income					102,291
Finance costs					(127,383)
Equity-settled share option expense					(7,740)
Fair value gains on investment properties					24,743
Unallocated gains and losses, net					(32,305)
Corporate and other unallocated expenses					(62,704)
Profit before tax					827,491
<b>Other segment information:</b>					
Depreciation and amortisation	136,568	108,581	2,052	4,820	252,021
Capital expenditure (a)	86,184	262,430	100	68,337	417,051

Note:

- (a) Capital expenditure consists of additions to property, plant and equipment, investment properties, prepaid land lease payments and other intangible assets.

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

### 3. OPERATING SEGMENT INFORMATION (CONTINUED)

Period ended 30 June 2015 (Unaudited)	Department store RMB'000	Shopping mall RMB'000	Property development RMB'000	Others RMB'000	Total RMB'000
<b>Segment revenue</b>					
Sales to external customers	1,871,149	683,434	391,567	109,804	3,055,954
Intersegment sales	-	-	-	31,606	31,606
	1,871,149	683,434	391,567	141,410	3,087,560
<u>Reconciliation:</u>					
Elimination of intersegment sales					31,606
Revenue					3,055,954
<b>Segment results</b>					
	590,163	68,730	131,618	14,028	804,539
<u>Reconciliation:</u>					
Share of profits and losses of:					
A joint venture					(21,368)
Associates					180,587
Finance income					104,955
Finance costs					(105,816)
Equity-settled share option expense					(7,685)
Fair value gains on investment properties					10,894
Unallocated gains and losses, net					209,790
Corporate and other unallocated expenses					(60,932)
Profit before tax					1,114,964
<b>Other segment information:</b>					
Depreciation and amortisation	134,573	104,249	850	2,492	242,164
Capital expenditure (a)	96,242	594,575	338	589	691,744

All the Group's operations are carried out in Mainland China. No revenue from operations amounting to 10 percent or more of the Group's revenue was derived from sales to a single customer for the period ended 30 June 2016 and 2015. All non-current assets (excluding financial instruments and deferred tax assets) of the Group are located in Mainland China.

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

### 4. REVENUE

	For the six months period ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Sale of goods – direct sale	1,018,107	959,199
Commissions from concessionaire sales	1,170,906	1,242,749
Rental income	517,907	432,772
Rental income from investment properties and owner-occupied properties	286,030	233,961
Sublease rental income	197,820	168,557
Contingent rental income	34,057	30,254
Management fee income from operation of department stores	10,086	23,037
Commissions from sale of goods	8,498	6,630
Retail revenue	2,725,504	2,664,387
Sale of properties	322,529	391,567
	3,048,033	3,055,954

The commissions from concessionaire sales are analysed as follows:

	For the six months period ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Gross revenue from concessionaire sales	6,797,061	7,129,144
Commissions from concessionaire sales	1,170,906	1,242,749

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

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

### 5. OTHER INCOME AND GAINS

	Note	For the six months period ended 30 June	
		2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
<b>Other income</b>			
Advertisement, promotion and administration income		215,452	212,011
Supplementary income		7,951	10,696
Subsidy income		35,849	3,352
Income from available-for-sale investments		2,214	–
Others		12,938	13,417
		<b>274,404</b>	<b>239,476</b>
<b>Gains/(losses)</b>			
(Loss)/gain on disposal of items of property, plant and equipment		(775)	171
Gain on partial disposal of interests in an associate		–	188,542
Gain on disposal of a subsidiary	24	7,271	30,744
Fair value gains on investment properties		24,743	10,894
Loss on settlement of financial liabilities at fair value through profit or loss		(42,263)	–
Others		3,462	(9,667)
		<b>(7,562)</b>	<b>220,684</b>
		<b>266,842</b>	<b>460,160</b>

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

### 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months period ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Purchases of goods and changes in inventories	862,195	796,969
Cost of properties sold	193,391	209,702
Depreciation and amortisation	252,021	242,164
Staff costs (including directors' and chief executive's remuneration):	368,241	386,650
Wages, salaries and bonuses	276,478	290,313
Pension costs – defined contribution schemes	53,144	55,497
Welfare, medical and other benefits	30,879	33,155
Equity-settled share option expense	7,740	7,685
Utility expenses	180,365	180,983
Rental expenses	385,440	354,091
Credit card charges	41,325	45,052
Advertising expenses	105,097	104,755
Properties development expenses	35,064	50,247
Auditors' remuneration	1,000	1,000
Professional service charges	9,695	4,924
Other tax expenses	49,383	55,303
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	61,181	45,736

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

### 7. FINANCE INCOME/FINANCE COSTS

#### Finance income

	For the six months period ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Interest income from bank deposits	8,154	18,891
Interest income from loans and receivables	70,579	52,765
Interest income from a joint venture	–	10,356
Interest income from associates	13,123	13,005
Other interest income	10,435	9,938
	<b>102,291</b>	104,955

#### Finance costs

	For the six months period ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Interest on bank loans and other loans (including convertible bonds)	127,383	121,992
Less: Interest capitalised	–	(16,176)
	<b>127,383</b>	105,816
The finance costs are analysed as follows:		
Finance costs of retailing	114,685	91,598
Finance costs of properties development	12,698	14,218
	<b>127,383</b>	105,816



## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

### 8. INCOME TAX

	For the six months period ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Current income tax – Mainland China	240,482	290,492
Current – PRC land appreciation tax (“LAT”)	(48,783)	57,616
Deferred taxation	34,512	6,725
	<b>226,211</b>	<b>354,833</b>

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

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

Hong Kong profits tax has been provided at the rate of 16.5% (six months period ended 30 June 2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

The subsidiaries incorporated in Singapore are subject to Singapore income tax at the rate of 17% (six months period ended 30 June 2015: 17%).

For the six months period ended 30 June 2016, the subsidiaries established in Mainland China are subject to corporate income tax (“CIT”) at the rate of 25%, except for Dazi Intime Commercial Development Co., Ltd., that is entitled to 15% CIT rate under the policy of Western Region Development, out of which 40% portion are further exempt by local municipal government in the place of incorporation in Tibet Autonomous Region. While all the subsidiaries established in Mainland China are subject to CIT at the rate of 25% for the six months period ended 30 June 2015.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. Prior to the actual cash settlement of the LAT liabilities, the LAT liabilities are subject to the final review/approval by the tax authorities.

# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

## 9. INTERIM AND SPECIAL DIVIDENDS

	For the six months period ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Interim and special dividends	271,524	437,783

On 16 August 2016, the board of directors of the Company resolved to declare an interim dividend of RMB0.10 per share for the six months period ended 30 June 2016 (an interim dividend of RMB0.10 per share and a special dividend of RMB0.10 per share for the six months ended 30 June 2015).

The calculation of the interim dividend for the six months ended 30 June 2016 is based on the declared interim dividend per ordinary share, and the total number of ordinary shares as at 30 June 2016.

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

The calculation of basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary share of 2,182,992,962 (six months period ended 30 June 2015: 2,176,627,946) in issue during the period.

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

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

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

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

	For the six months period ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	561,136	713,144
Interest on convertible bonds	46,674	42,552
Profit attributable to ordinary equity holders of the parent before interest on convertible bonds	607,810	755,696

	Number of shares For the six months period ended 30 June	
	2016	2015
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	2,182,992,962	2,176,627,946
Effect of dilution – weighted average number of ordinary shares:		
Share options	2,164,749	273,493
Convertible bonds	532,245,264	475,428,069
Weighted average number of ordinary shares used in diluted earnings per share calculation	2,717,402,975	2,652,329,508

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

### 11. PROPERTY, PLANT AND EQUIPMENT AND PREPAID LAND LEASE PAYMENTS

During the six months period ended 30 June 2016, the Group acquired property, plant and equipment and construction in progress with a cost of RMB184,758,000 (six months period ended 30 June 2015: RMB1,159,504,000). Depreciation for property, plant and equipment is approximately RMB218,720,000 (six months period ended 30 June 2015: RMB208,270,000) during the period.

During the six months period ended 30 June 2016, amortisation for prepaid land lease payments is RMB28,319,000 (six months period ended 30 June 2015: RMB28,165,000) during the period.

The Group pledged certain of its buildings to secure the Group's banking facilities. The carrying amounts of these buildings as at 30 June 2016 are approximately RMB1,446,526,000 (31 December 2015: RMB1,314,235,000) (note 21).

The Group pledged certain of prepaid land lease payments to secure the Group's banking facilities. The carrying amounts of these prepaid land lease payments as at 30 June 2016 are approximately RMB640,380,000 (31 December 2015: RMB640,493,000) (note 21).

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

### 12. INVESTMENT PROPERTIES

	<b>30 June 2016 (Unaudited) RMB'000</b>	31 December 2015 (Audited) RMB'000
At beginning of period/year	<b>7,249,000</b>	5,699,000
Additions	<b>257</b>	45,460
Transfer from property, plant and equipment	–	1,212,570
Fair value gains on investment properties	<b>24,743</b>	291,970
At end of period/year	<b>7,274,000</b>	7,249,000

The carrying amount of pledged investment properties as at 30 June 2016 was nil (31 December 2015: RMB705,000,000).

The application for the ownership certificates of certain buildings located in Xi'an City of Shaanxi Province, the PRC, with a carrying amount of RMB496,000,000 as at 30 June 2016 (31 December 2015: RMB501,000,000), is in process.

### 13. INVENTORIES

	<b>30 June 2016 (Unaudited) RMB'000</b>	31 December 2015 (Audited) RMB'000
Store merchandise, at cost or net realisable value	<b>442,680</b>	521,417
Low value consumables	<b>2,066</b>	2,063
	<b>444,746</b>	523,480

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

### 14. COMPLETED PROPERTIES HELD FOR SALE AND PROPERTIES UNDER DEVELOPMENT

#### Completed properties held for sale

	<b>30 June 2016 (Unaudited) RMB'000</b>	31 December 2015 (Audited) RMB'000
At beginning of period/year	1,567,721	1,151,768
Transfer from properties under development	–	851,326
Transfer to cost of properties sold	<b>(193,391)</b>	(435,373)
At end of period/year	<b>1,374,330</b>	1,567,721

#### Properties under development

	<b>30 June 2016 (Unaudited) RMB'000</b>	31 December 2015 (Audited) RMB'000
At beginning of period/year	–	550,335
Additions	–	300,991
Transfer to completed properties held for sale	–	(851,326)
At end of period/year	–	–

There is no completed properties held for sale pledged as at 30 June 2016 (31 December 2015: RMB12,822,000).

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

### 15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
<b>Current:</b>		
Advance to subsidiaries disposed of	31,608	31,608
Rental deposits	118,084	100,345
Prepaid rental	44,028	29,228
Advances to suppliers	39,055	26,102
Advances to third parties	433,892	398,670
Prepaid tax	88,154	95,978
Prepayments	51,068	44,879
Guarantee deposits	11,211	2,303
Others	117,996	136,330
	<b>935,096</b>	<b>865,443</b>
<b>Non-current:</b>		
Prepayment for acquisition of a non-controlling interest of a subsidiary	90,000	90,000
	<b>1,025,096</b>	<b>955,443</b>

Notes:

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

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

### 16. TRADE RECEIVABLES

	<b>30 June 2016 (Unaudited) RMB'000</b>	31 December 2015 (Audited) RMB'000
Trade receivables	<b>29,733</b>	33,795
Impairment	–	–
	<b>29,733</b>	33,795

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

	<b>30 June 2016 (Unaudited) RMB'000</b>	31 December 2015 (Audited) RMB'000
Within 1 month	<b>16,205</b>	18,918
1 to 2 months	<b>3,516</b>	6,388
2 to 3 months	<b>4,508</b>	4,741
Over 3 months	<b>5,504</b>	3,748
	<b>29,733</b>	33,795



## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

### 16. TRADE RECEIVABLES (CONTINUED)

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

	<b>30 June 2016 (Unaudited) RMB'000</b>	31 December 2015 (Audited) RMB'000
Neither past due nor impaired	<b>24,229</b>	30,047
Less than one month past due	<b>5,504</b>	3,748
	<b>29,733</b>	33,795

### 17. CASH IN TRANSIT

	<b>30 June 2016 (Unaudited) RMB'000</b>	31 December 2015 (Audited) RMB'000
Cash in transit	<b>90,277</b>	88,263

Cash in transit represents the sales proceeds settled by debit cards or credit cards, which have yet to be credited by the banks to the Group.

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

### 18. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES

	<b>30 June 2016 (Unaudited) RMB'000</b>	31 December 2015 (Audited) RMB'000
Cash and bank balances	<b>1,903,409</b>	1,694,306
Less: Pledged time deposit	–	(67,000)
Restricted bank balances	<b>(45,596)</b>	(46,777)
Cash and cash equivalents	<b>1,857,813</b>	1,580,529

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

### 19. TRADE AND BILLS PAYABLES

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

	<b>30 June 2016 (Unaudited) RMB'000</b>	31 December 2015 (Audited) RMB'000
Within 1 month	<b>1,339,651</b>	2,095,944
1 to 2 months	<b>332,521</b>	456,989
2 to 3 months	<b>60,189</b>	34,731
Over 3 months	<b>23,633</b>	33,972
	<b>1,755,994</b>	2,621,636

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

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

### 20. OTHER PAYABLES AND ACCRUALS

	<b>30 June 2016 (Unaudited) RMB'000</b>	31 December 2015 (Audited) RMB'000
Payables for purchase of property, plant and equipment, investment properties and properties under development	<b>845,221</b>	1,152,421
Advances from retail customers	<b>1,466,781</b>	1,587,503
Advances from pre-sale of properties under development	<b>327,127</b>	665,847
Advances from third parties (note(i))	<b>94,061</b>	195,976
Other tax payables	<b>142,383</b>	116,253
Bonus and welfare payables	<b>97,729</b>	148,246
Deposits received from suppliers/concessionaires	<b>424,409</b>	405,023
Accruals	<b>508,686</b>	481,118
Accrued interest	<b>4,973</b>	4,235
Deferred revenue	<b>75,628</b>	81,768
Deferred government subsidy	<b>2,735</b>	2,014
Advances from disposal of subsidiaries	<b>559,463</b>	559,463
Dividend payable	<b>261,686</b>	114
Others	<b>81,157</b>	104,270
	<b>4,892,039</b>	5,504,251

Note:

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

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

### 21. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2016 (Unaudited)			31 December 2015 (Audited)		
	Effective/ contractual interest rate (%)	Maturity	RMB'000	Effective/ contractual interest rate (%)	Maturity	RMB'000
<b>Current:</b>						
Bank loans – unsecured	4.320-5.880	2016-2017	361,000	2.974-5.880	2016	114,778
Bank loans – secured (a)	4.133-5.438	2016-2017	1,620,014	1.394-6.375	2016	468,401
Current portion of long term bank loans – unsecured	4.750	2016-2017	74,248	-	-	-
Current portion of long term bank loans – secured (a)	6.400	2016-2017	34,500	6.400-6.600	2016	104,000
Syndicated loan	-	-	-	LIBOR plus 230 basis points for US\$ borrowings and HIBOR plus 230 basis points for HK\$ borrowings	2016	1,877,542
			<b>2,089,762</b>			<b>2,564,721</b>
<b>Non-current:</b>						
Unsecured bank loans	4.750	2017-2019	1,410,716	-	-	-
Secured bank loans (a)	6.400	2017-2019	124,500	6.400-6.765	2017-2019	313,000
Convertible bonds	-	-	-	Weighted average of 2.99	2017	3,101,509
			<b>1,535,216</b>			<b>3,414,509</b>
			<b>3,624,978</b>			<b>5,979,230</b>

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

### 21. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

	<b>30 June 2016 (Unaudited) RMB'000</b>	31 December 2015 (Audited) RMB'000
Analysed into:		
Within one year or on demand	<b>2,089,762</b>	2,564,721
In the second year	<b>41,000</b>	3,222,009
In the third to fifth years, inclusive	<b>1,494,216</b>	192,500
	<b>3,624,978</b>	5,979,230

Notes:

- (a) Secured bank and other loans of RMB1,779,014,000 as at 30 June 2016 were secured by certain of the Group's buildings and prepaid land lease payment, the total carrying amount of which at 30 June 2016 was RMB2,086,906,000 (31 December 2015: secured by buildings, investment properties, prepaid land lease payments and time deposits, the total carrying amount of which was RMB2,739,610,000) (note 11,12,14 and 18).
- (b) The Group has the following undrawn banking facilities:

	<b>30 June 2016 (Unaudited) RMB'000</b>	31 December 2015 (Audited) RMB'000
At floating rate:		
Expiring within 1 year	<b>519,823</b>	864,778
Expiring within 2 to 4 years, inclusive	<b>145,000</b>	1,099,466
Expiring after 5 years	–	145,000
	<b>664,823</b>	2,109,244

The Group's banking facilities were secured by certain buildings and prepaid land lease payments (note 11).

# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

## 22. SHARE CAPITAL

During the six months period ended 30 June 2016, the movement in share capital was as follows:

On 30 June 2016, the convertible bonds in the principal amount of HK\$3,706,066,630.16 as well as accrued interest were converted into a total of 535,185,846 shares of USD\$0.00001 each of the Company at a conversion price of HK\$7.1309 per share, resulting the increase of share capital amounting to RMB35,000.

## 23. SHARE OPTION SCHEME

On 30 March 2016, a total number of 17,240,000 share options with an exercise price of HK\$6.37 were granted to certain management in respect of their services to the Group, under the share option schemes of the Company. Options granted become vested after certain period. An option may be exercised in accordance with the terms of the share option scheme any time during a period to be notified by the board to each grantee or to be resolved by the board at time of grant.

During the period ended 30 June 2016, the expense recognised in the consolidated statement of profit or loss for the share option scheme amounted to RMB7,740,000 (six months period ended 30 June 2015: RMB7,685,000).

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

### 24. DISPOSAL OF A SUBSIDIARY

	For the six months period ended 30 June 2016
Note	<i>RMB'000</i>
<hr/>	
Net assets disposed of:	
Property, plant and equipment	779,217
Deposits, prepayments and other receivables	33
Cash and cash equivalents	68,326
Other payables and accruals	(29,300)
Interest-bearing bank and other borrowings	(500,000)
	<hr/>
	318,276
Gain on disposal of a subsidiary	5 7,271
	<hr/>
Satisfied by:	
Cash received	325,547
	<hr/>

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

	For the six months period ended 30 June 2016
	<i>RMB'000</i>
<hr/>	
Cash received	325,547
Cash and cash equivalents disposed of	(68,326)
	<hr/>
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	257,221
	<hr/>

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

### 25. CONTINGENT LIABILITIES

- (1) As at 30 June 2016, the Group provided guarantees in respect of the mortgage facilities granted by certain banks to the purchasers of the Group's pre-sale properties amounted to RMB913,147,000 (31 December 2015: RMB799,293,000). Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to the banks. The Group is then entitled to take over the legal titles of the related properties. The Group's guarantee periods commence from the dates of grant of the relevant mortgage loans and end after the execution of individual purchasers' collateral agreements.

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

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

	<b>30 June 2016 (Unaudited) RMB'000</b>	31 December 2015 (Audited) RMB'000
Guarantees given to banks in connection with facilities granted to related parties	<b>540,000</b>	970,000



## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

### 26. OPERATING LEASE ARRANGEMENTS

#### (a) As lessor

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

At 30 June 2016, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	<b>30 June 2016 (Unaudited) RMB'000</b>	31 December 2015 (Audited) RMB'000
Within one year	<b>869,138</b>	914,368
In the second to fifth years, inclusive	<b>1,963,467</b>	2,136,601
After five years	<b>1,293,600</b>	1,657,206
	<b>4,126,205</b>	4,708,175

The amounts above include future minimum sublease payments expected to be received under non-cancellable subleases amounting to RMB1,097,000,000 as at 30 June 2016 (31 December 2015: RMB1,449,045,000).

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

### 26. OPERATING LEASE ARRANGEMENTS (CONTINUED)

#### (b) As lessee

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

At 30 June 2016, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>30 June 2016 (Unaudited) RMB'000</b>	31 December 2015 (Audited) RMB'000
Within one year	<b>836,323</b>	883,569
In the second to fifth years, inclusive	<b>3,650,563</b>	3,621,596
After five years	<b>10,082,302</b>	10,292,613
	<b>14,569,188</b>	14,797,778

### 27. COMMITMENTS

In addition to the operating lease commitments detailed in note 26(b) above, the Group had the following capital commitments at the end of the reporting period:

	<b>30 June 2016 (Unaudited) RMB'000</b>	31 December 2015 (Audited) RMB'000
Contracted, but not provided for:		
Land and buildings	<b>1,514</b>	14,841
Leasehold improvements	<b>53,903</b>	65,723
	<b>55,417</b>	80,564

# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

## 28. RELATED PARTY TRANSACTIONS

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

Name	Relationship
Mr. Shen Guojun	Shareholder of the Company
Intime International Holdings Limited (“Intime International”)	Shareholder of the Company
Beijing Yintai Properties Co., Ltd. (“Beijing Yintai”)	Controlled by Mr. Shen Guojun
China Yintai Holding Co., Ltd. (“China Yintai”)	Controlled by Mr. Shen Guojun
Beijing Guojun Investment Co., Ltd. (“Beijing Guojun”)	Controlled by Mr. Shen Guojun
Hangzhou Zhongda Shengma Property Co., Ltd. (“Zhongda Shengma”)	Associate of the Group
Anhui Hualun Gangwan Culture Investment Co., Ltd. (“Anhui Hualun”)	Associate of the Group
Beijing Youyi Lufthansa Shopping City Co., Ltd. Beijing Lufthansa Centre (“Beijing Youyi Lufthansa”)	Associate of the Group
Bozhou Hualun International Culture Investment Co., Ltd. (“Bozhou Hualun”)	Associate of the Group
Hefei Hualun Cultural Investment Co., Ltd. (“Hefei Hualun”)	Associate of the Group
Zhejiang Intime Electronic Commerce Co., Ltd., (“Zhejiang Intime Electronic Commerce”)	Associate of the Group
Hangzhou Xin Hubin Commercial Development Co., Ltd. (“Hangzhou Xin Hubin”)	Joint venture of Art Capital
Beijing Intime Jixiang Commercial Co., Ltd. (“Jixiang Commercial”) (Formerly known as “Beijing Intime Lotte Department Store Co., Ltd.”)	Subsidiary of China Yintai
Beijing Jixiang Mansion Co., Ltd. (“Jixiang Mansion”)	Subsidiary of China Yintai
Hangzhou Hubin International Commercial Development Co., Ltd. (“Hangzhou Hubin International”)	Mr. Shen Guojun is the chairman
Metro Land Corporation Land (“Metro Land”)	Associate of China Yintai
Beijing Metro Land Property Co., Ltd. (“Beijing Metro Land Property”)	Subsidiary of Metro Land
Ningbo Hualian Property Development Co., Ltd. (“Ningbo Hualian Property”)	Subsidiary of Metro Land
Ningbo Yintai Property Management Co., Ltd. (“Ningbo Yintai Property Management”)	Subsidiary of Metro Land

# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

## 28. RELATED PARTY TRANSACTIONS (CONTINUED)

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

<b>Name</b>	<b>Relationship</b>
Hangzhou Intime Shopping Centre Co., Ltd. (“Hangzhou Intime”)	Subsidiary of China Yintai
Zhejiang Fuqiang Properties Co., Ltd. (“Zhejiang Fuqiang”)	Subsidiary of China Yintai
Ningbo Economic Technology Development Area Taiyue Properties Co. Ltd. (“Ningbo Taiyue”)	Subsidiary of China Yintai
Beijing New Yansha Holding (Group) Co., Ltd. (“Beijing New Yansha”)	Controlling shareholder of an associate
Fenghua Yintai Properties Co., Ltd (“Fenghua Yintai”)	49% of the voting rights are controlled by Mr. Shen Guojun
Huzhou Jialefu Mall Co., Ltd. (“Huzhou Jialefu”)	50% of the voting rights are controlled by Mr. Shen Guojun
Art Capital Holdings Limited (“Art Capital”)	100% of the voting rights are controlled by Mr. Shen Guojun
Hangzhou Longxiang Commercial Development Co., Ltd. (“Longxiang Commercial”)	Associate of Beijing Guojun

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

### 28. RELATED PARTY TRANSACTIONS (CONTINUED)

#### (b) Transactions with related parties

The following transactions were carried out with related parties:

	For the six months period ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Rental expense and management fee expenses:		
Zhongda Shengma (note (i))	16,685	–
Fenghua Yintai	3,979	–
Hangzhou Intime	7,833	–
Huzhou Jialefu (note (ii))	15,990	16,792
Anhui Hualun (note (iii))	10,914	–
	<b>55,401</b>	16,792
Collection on advances from related parties		
Hefei Hualun	13,700	–
Zhongda Shengma	–	239,688
	<b>13,700</b>	239,688
Loans and receivables made to related parties:		
Zhejiang Intime Electronic Commerce (note (iv))	65,000	139,575
Zhongda Shengma (note (v))	155,000	371,538
Hangzhou Xin Hubin	–	143,000
	<b>220,000</b>	654,113

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

### 28. RELATED PARTY TRANSACTIONS (CONTINUED)

#### (b) Transactions with related parties (continued)

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

	For the six months period ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Collection on loans and receivables from related parties:		
Hangzhou Xin Hubin	–	75,000
Zhongda Shengma	91,632	152,352
	<b>91,632</b>	227,352
Interest income from related parties:		
Hangzhou Xin Hubin	8,053	10,664
Zhongda Shengma	24,001	20,987
Zhejiang Intime Electronic Commerce	33,388	24,380
Anhui Hualun	15,055	16,814
Bozhou Hualun	7,120	7,081
	<b>87,617</b>	79,926
Management fee from a related party		
Beijing New Yansha	1,998	4,860
Customer payments to related parties by the Group's prepaid cards (net off the payments made by related parties' prepaid card used):		
Jixiang Commercial	–	(224)
Zhejiang Intime Electronic Commerce	1,163	12,514
Hangzhou Hubin International	81,705	(2,204)
Hangzhou Xin Hubin	(15,143)	4,461
Ningbo Taiyue	(4,146)	2,032
Jixiang Mansion	(292)	–
Longxiang Commercial	301	–
Hangzhou Intime	–	(637)
	<b>63,588</b>	15,942

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

### 28. RELATED PARTY TRANSACTIONS (CONTINUED)

#### (b) Transactions with related parties (continued)

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

	For the six months period ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Commissions charged to a related party:		
Zhejiang Intime Electronic Commerce	8,498	6,630
Commissions charged by a related party for sales of good:		
Zhejiang Intime Electronic Commerce (note(vi))	14,668	–
Guarantees provided to related parties:		
Zhongda Shengma	–	504,000
Hangzhou Xin Hubin	–	180,000
Anhui Hualun (note(vii))	600,000	600,000
	600,000	1,284,000
Acquisition of non-controlling interest from a related party:		
Metro Land	–	70,280

# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

## 28. RELATED PARTY TRANSACTIONS (CONTINUED)

### (b) Transactions with related parties (continued)

Notes:

- (i) Pursuant to an agreement between Hangzhou Zhongda Intime Shopping Centre Co., Ltd (“Hangzhou Zhongda”) and Zhongda Shengma signed on 1 December 2014, Hangzhou Zhongda leased certain floors of a building from Zhongda Shengma for its operation for 20 years.
- (ii) Pursuant to an agreement between Huzhou Jialefu and Zhejiang Intime Investment Co, Ltd. (“Zhejiang Intime Investment”), Zhejiang Intime Investment leased a building for its operation for a period from 28 June 2013 to 27 June 2033. With the establishment of Huzhou Yinjia Department Store Co., Ltd. (“Huzhou Yinjia”) subsequently in May 2013, the lease agreement was transferred to Huzhou Yinjia by Zhejiang Intime Investment.
- (iii) Pursuant to an agreement between Anhui Hualun and Wuhu Intime Commercial Management Co., Ltd. (“Wuhu Intime”), Wuhu Intime leased a building for its operation for a period from 1 July 2014 to 30 June 2034.
- (iv) Pursuant to loan agreements between Zhejiang Intime Electronic Commerce and the Group, the Group provided shareholder’s loans with a total amount of RMB165,000,000 to Zhejiang Intime Electronic Commerce for a period of 12 months with an annual interest rate of 12%.
- (v) Pursuant to loan agreements between Zhongda Shengma and the Group, the Group provided loans to Zhongda Shengma with an amount of RMB155,000,000 for a period of 24 months with an annual interest of 6%.
- (vi) Pursuant to agreements between Zhejiang Intime Electronic Commerce and the Group, Zhejiang Intime Electronic Commerce provide online sales channels to the Group and charge commission fee at 6% of total revenue.
- (vii) Pursuant to a guarantee agreement among Anhui Province Huaqiao Hotel Company Limited (“Anhui Huaqiao Hotel”), Anhui Hualun and a bank, Anhui Huaqiao Hotel provided a guarantee to Anhui Hualun with an amount of RMB600,000,000 for a period from 20 June 2013 to 20 June 2028. As at 30 June 2016, the banking facilities granted to Anhui Hualun guaranteed by the Group were utilised to the extent of approximately RMB540,000,000 (2015: RMB550,000,000).



## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

### 28. RELATED PARTY TRANSACTIONS (CONTINUED)

#### (c) Due from related parties

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

	<b>30 June 2016 (Unaudited) RMB'000</b>	31 December 2015 (Audited) RMB'000
Due from related parties:		
Metro Land	720	720
Ningbo Hualian Property	70	70
Anhui Hualun	495,376	480,321
Zhejiang Intime Electronic Commerce	292,475	285,920
Beijing New Yansha	3,084	3,611
Bozhou Hualun	278,318	271,566
Hangzhou Intime	5,562	5,000
Fenghua Yintai	5,000	5,000
Huzhou Jialefu	2,500	2,500
Zhongda Shengma	5,000	5,000
Ningbo Taiyue	65	336
Hefei Hualun	224,988	238,688
Hangzhou Xin Hubin	672	1,490
Art Capital	–	110,370
Jixiang Mansion	496	557
	<b>1,314,326</b>	<b>1,411,149</b>

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

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

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

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

### 28. RELATED PARTY TRANSACTIONS (CONTINUED)

#### (d) Loans and interest receivable from related parties

	<b>30 June 2016 (Unaudited) RMB'000</b>	31 December 2015 (Audited) RMB'000
Zhejiang Intime Electronic Commerce	899,149	800,761
Zhongda Shengma	875,224	787,855
Hangzhou Xin Hubin	403,039	394,986
	<b>2,177,412</b>	1,983,602

#### (e) Due to related parties

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

	<b>30 June 2016 (Unaudited) RMB'000</b>	31 December 2015 (Audited) RMB'000
Due to related parties:		
Huzhou Jialefu	15,990	–
Longxiang Commercial	27	46
Zhongda Shengma	13,457	11,349
Hangzhou Intime	–	718
Anhui Hualun	23,847	12,933
Hangzhou Hubin International	34	2,510
	<b>53,355</b>	27,556

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

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

# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

## 28. RELATED PARTY TRANSACTIONS (CONTINUED)

### (f) Commitments with related parties

- (i) Pursuant to an agreement between Zhejiang Intime Investment and Fenghua Yintai signed on 21 September 2012, Zhejiang Intime Investment leased certain floors of a building from Fenghua Yintai for its operation for 20 years. Zhejiang Intime Investment was given a rent-free period of three years commencing from the delivery of the property. The annual rental for the remaining years will be calculated as 5% of the net revenue of Fenghua Intime.
- (ii) Pursuant to an agreement between Hangzhou Intime Sanjiang Commercial Development Co., Ltd. (“Intime Sanjiang”) and Hangzhou Intime signed on 15 July 2013, Intime Sanjiang leased certain floors of a building from Hangzhou Intime for its operation for 20 years. Intime Sanjiang was given a rent-free period of two years commencing from the delivery of the property. The annual rental for the remaining years will be calculated as 5% of the net revenue of Intime Sanjiang.
- (iii) Pursuant to an agreement between Zhejiang Intime Investment and Huzhou Jialefu signed on 25 February 2013, Zhejiang Intime Investment leased certain floors of a building from Huzhou Jialefu for its operation for 20 years. Zhejiang Intime Investment was given a rent-free period of three months commencing from the delivery of the property. The Group expects the total minimum lease payments to be approximately RMB561,480,000 from 1 July 2016 to 27 June 2033.
- (iv) Pursuant to an agreement between Hangzhou Zhongda and Zhongda Shengma signed on 1 December 2014, Hangzhou Zhongda leased certain floors of a building from Zhongda Shengma for its operation for 20 years. The Group expects the total minimum lease payments to be approximately RMB58,442,000 from 1 July 2016 to 31 December 2017. Pursuant to a supplementary agreement between Hangzhou Zhongda and Zhongda Shengma signed on the same date, the rental from 1 January 2018 will be subject to renegotiation and contingent upon whether Hangzhou Intime Outlets Commercial Development Co., Ltd will acquire additional equity interest in Zhongda Shengma within three years from 1 January 2015.
- (v) Pursuant to an agreement between Anhui Hualun and Wuhu Intime signed on 1 July 2014, Wuhu Intime leased certain floors of a building from Anhui Hualun for its operation for 20 years. Wuhu Intime was given a rent-free period of twelve months commencing from the delivery of the property. The Group expects total minimum lease payments to be approximately RMB415,116,000 from 1 July 2016 to 30 June 2034.

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

### 28. RELATED PARTY TRANSACTIONS (CONTINUED)

#### (g) Key management compensation

	For the six months period ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Salaries, allowances and other benefits	3,172	2,848
Discretionary bonuses	3,033	2,758
Contributions to a retirement plan	654	508
Share option scheme	3,462	2,900
	<b>10,321</b>	9,014

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

### 29. FINANCIAL INSTRUMENTS BY CATEGORY

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

30 June 2016

#### Financial assets

	Loans and receivables <i>RMB'000</i>	Available- for-sale investment <i>RMB'000</i>	Total <i>RMB'000</i>
Available-for-sale investment	–	370,253	370,253
Financial assets included in prepayments, deposits and other receivables	699,026	–	699,026
Trade receivables	29,733	–	29,733
Loans and receivables	2,439,152	–	2,439,152
Due from related parties	1,314,326	–	1,314,326
Cash in transit	90,277	–	90,277
Restricted bank balances	45,596	–	45,596
Cash and cash equivalents	1,857,813	–	1,857,813
	<b>6,475,923</b>	<b>370,253</b>	<b>6,846,176</b>

#### Financial liabilities

	Financial liabilities at amortised cost <i>RMB'000</i>
Trade and bills payables	1,755,994
Financial liabilities included in other payables and accruals	1,830,890
Due to related parties	53,355
Interest-bearing bank and other borrowings	3,624,978
	<b>7,265,217</b>

## Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

### 29. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

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

31 December 2015

#### Financial assets

	Loans and receivables <i>RMB'000</i>	Available- for-sale investment <i>RMB'000</i>	Total <i>RMB'000</i>
Available-for-sale investment	–	40,253	40,253
Financial assets included in prepayments, deposits and other receivables	651,445	–	651,445
Trade receivables	33,795	–	33,795
Loans and receivables	2,241,038	–	2,241,038
Due from related parties	1,411,149	–	1,411,149
Cash in transit	88,263	–	88,263
Pledged deposits	67,000	–	67,000
Restricted bank balances	46,777	–	46,777
Cash and cash equivalents	1,580,529	–	1,580,529
	6,119,996	40,253	6,160,249

#### Financial liabilities

	Financial liabilities at amortised cost <i>RMB'000</i>
Trade and bills payables	2,621,636
Financial liabilities included in other payables and accruals	2,010,284
Due to related parties	27,556
Interest-bearing bank and other borrowings	2,877,721
Convertible bonds	3,101,509
	10,638,706

# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

## 30. FAIR VALUE AND FAIR VALUE HIERARCHY

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

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

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

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

The fair values of the loans to third parties and related parties, interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

## 31. APPROVAL OF THE FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved and authorised for issue by the board of directors on 16 August 2016.