



歲寶百貨

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

(incorporated in the Cayman Islands with limited liability)

Stock code: 312

### 2017 Interim Report



# CONTENTS

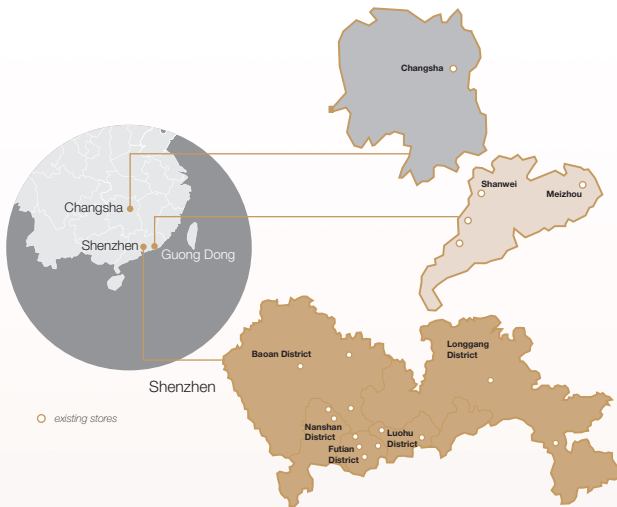
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## CORPORATE PROFILE

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

The Group operates one of the established Shenzhen-based department store chains. As of 30 June 2017, the Group operates 19 department stores, 13 of which are within Shenzhen, four in Shanwei (a coastal city in the eastern Guangdong Province), one in Meizhou City (Guangdong Province) and one in Changsha (the capital city of Hunan Province), with a total gross floor area (“**GFA**”) of 339,625.9 sq. m. Most of the Group’s stores have adopted consistent exterior and interior designs including layouts and the overall decoration for the purpose of enhancing customers’ awareness of the brand “**歲寒百貨**”.



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

## FINANCIAL HIGHLIGHTS

### OPERATING RESULTS

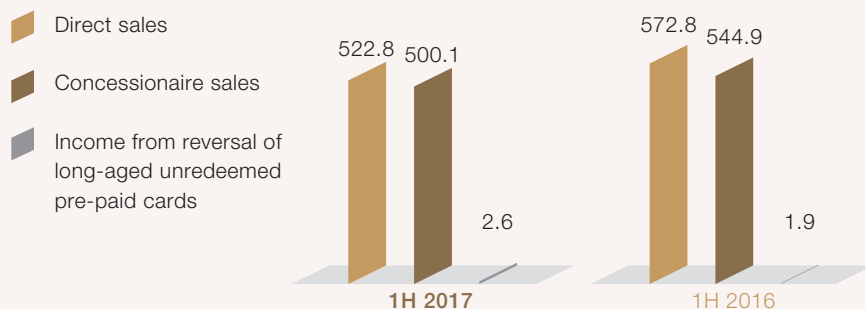
	For the six months ended 30 June	
	2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
Revenue	661,105	707,514
Operating profit	50,401	36,800
Profit before income tax	54,262	54,693
Profit attributable to owners of the Company	40,706	40,059
Earnings per share (expressed in RMB per share)		
– Basic and diluted	0.02	0.02

### ASSETS, LIABILITIES AND EQUITY

	At 30 June 2017 RMB'000 (unaudited)	At 31 December 2016 RMB'000 (audited)	At 30 June 2016 RMB'000 (unaudited)
Total assets	2,211,564	2,295,398	2,354,587
Total liabilities	816,341	954,415	1,025,702
Total equity	1,395,223	1,340,983	1,328,885

### GROSS SALES PROCEEDS – BY CATEGORY

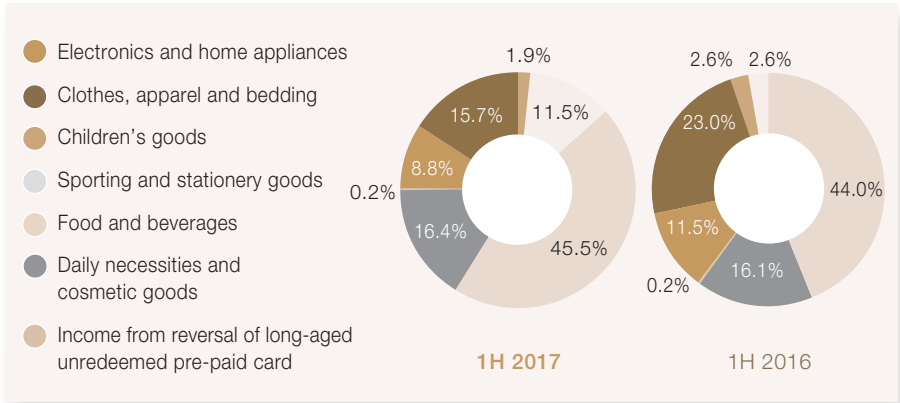
RMB (million)



## FINANCIAL HIGHLIGHTS

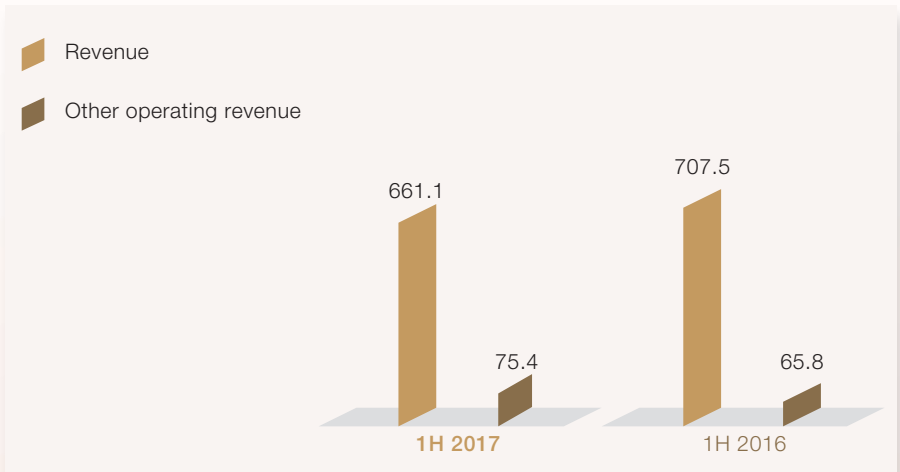
### GROSS SALES PROCEEDS – BY PRODUCT CATEGORY

%



### REVENUE AND OTHER OPERATING REVENUE

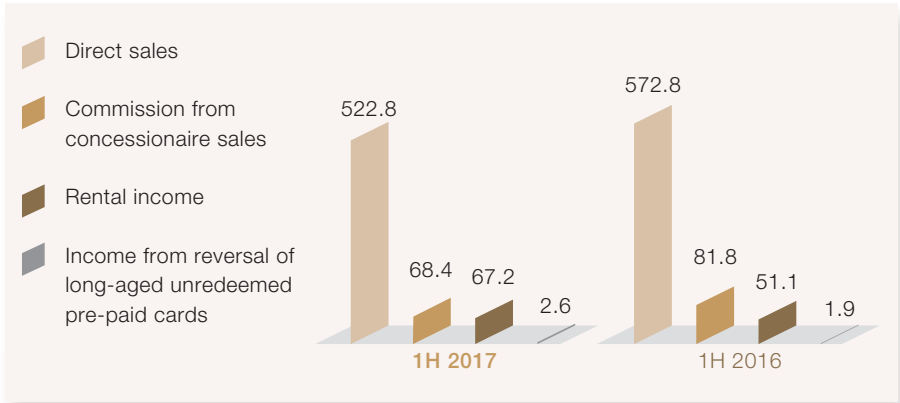
RMB (million)



## FINANCIAL HIGHLIGHTS

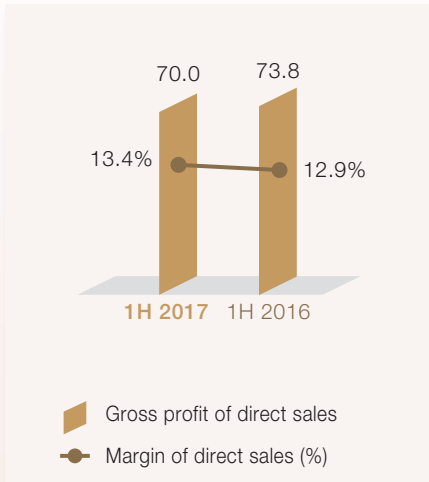
### REVENUE BY CATEGORY

RMB (million)



### GROSS PROFIT AND MARGIN OF DIRECT SALES

RMB (million)



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

RMB (million)



## CHAIRMAN'S STATEMENT

### THE RETAIL BUSINESS LANDSCAPE IN THE PRC AND GROUP OVERVIEW

During the first half of 2017, the growth of retail business in the PRC remained slow as compared to the growth rates in the previous years. According to the report issued by the National Bureau of Statistics of China, the total retail sales in the PRC in 2016 amounted to RMB33.23 trillion, representing an increase of 10.4% on a year-on-year basis. Online retail sales, however, reached RMB5.16 trillion in 2016, representing a year-on-year growth of 26.2%. The report confirms that China will further extend its leading position over other countries (including the United States) as the world's largest online retail market. Supporting the growth in the online retail sales in the PRC is the rapid development and integration of stores with online sales platforms. This development represents a revolution beginning to change the landscape of the retail business in the PRC.

Since 2015, the PRC Government has begun removing certain restrictions and opening its markets to promote the growth, reform and innovation in various industries in the PRC, including the property sector and the retail business and department store sector. This has resulted in increasing competitive market environment particularly in the department store sector in the PRC with increasing number of new businesses started penetrating into the industry and low entry barriers.

In addition, the impact of the rapid development of e-commerce has fundamentally disrupted the business model of the retail and department store sector globally as well as within the PRC. With the increasing consumer preference for online shopping, there are department stores facing the operational issues on low customer traffic, low sales volume and competitive pricing and product mix offered by online sales platforms. As a result, the department store and shopping malls sector have strengthened their online sales platforms and focused on the integration between offline and online platforms leaving the new sales channels in addition to their existing network of department stores and shopping malls for a total shopping solution and new shopping experience to be offered to the customers.

## CHAIRMAN'S STATEMENT

Although the emergence of e-commerce in department stores and shopping malls has a revolutionary impact on the traditional operations of retail networks, those who managed to extend the reach to the online shopping platforms will benefit from this new retail business model.

In light of the foregoing, the Group has further developed its online business platform, i-Shirble, paving the way to benefit from the online retail business. The Group is also in the process of implementing a strategic business transformation plan to re-position the Group as a trendy and stylish shopping complex that provides an unique lifestyle shopping experience with high quality and trendy merchandise.

As at 30 June 2017, the Group operated a total of 19 department stores with a total gross floor area of 339,625.9 sq.m. During the six months ended 30 June 2017, the Group recorded revenue of RMB661.1 million (1H2016: RMB707.5 million). Net profit was maintained at approximately RMB40.7 million (1H2016: RMB40.1 million) mainly due to the reversal of accrued rental expense of RMB33.4 million as a result of the acquisition of the two premises where the Group's Jingtian and Changsha stores used to operate under lease arrangement. The revenue decrease was mainly due to the challenging retail business environment. However, despite the setbacks brought on by the government policies in customers' spending, there are studies to support that high-end consumption is stabilising in the PRC with a reducing price gap between the PRC and other global regions due to the increasing consumption spending by the middle class in the PRC as a result of wealth increase and the general increases in corporate earnings. Since the second half of 2016, the Group has strived to redefine its business model and has engaged new personnel to develop and position its new lines of business. As the Group further develops its online shopping business and executes a strategy to reposition itself, we expect that the business will continue to grow in the near future.



## CHAIRMAN'S STATEMENT

### BUSINESS STRATEGIES

During the year, the Group has been undergoing a strategic business transformation. In terms of business model, the Group is implementing strategies to re-position Shirble as a trendy and stylish brand that provides an unique lifestyle shopping experience with high quality and trendy merchandise. Riding on the increasing consumption by the middle class and the younger generation in the PRC, and the increasing demand for high quality food products, the Group has started a new brand “Shirble Plaza”, where the Group’s new stores will operate in such a new concept store format and positioning, Under the “Shirble Plaza” model which will be positioned as a trendy neighborhood mini-shopping mall, most of the store area will be leased/sub-leased to attract more trendy and international tenants such as Starbucks, etc. and ancillary facilities such as children learning centres, gyms, restaurants, cinemas and karaoke facilities that can generate more customer traffic and rental income than a traditional shopping mall with various concession counters. At Shirble Plaza, the Group will also operate a stand-alone supermarket section under the “SMART” brand in order to create brand recognition and loyalty for its premium supermarket line and to stay true to its slogan: “eat better, live better”.

As for its traditional department stores that operate under the “Shirble Department Store” brand, in order to attract more customers of young generation and middle class to boost sales, the Group will continue to stock high quality products and services such as quality imported foods and household goods, and will revamp store layout to focus on enhancing the shopping experience at the same time utilising its online platform, i-Shirble, to broaden its coverage in the market instead of relying on merely physical store sales.

To speed up and further increase its market presence in Shenzhen, the Group will also be considering a brand diversification strategy with the smaller size supermarkets in residential and/or urban village areas using a different brand other than the “SMART” brand for supermarkets. The Group plans to ride on the increasing trend of customer behaviour to shop online and leverage the resources of the two channels of the Group.

# CHAIRMAN'S STATEMENT

## BUSINESS REVIEW

### Introduction of i-Shirble 2.0 in May 2017

In view of the Group's business strategies, "i-Shirble", the Group's online platform has been upgraded to i-Shirble 2.0 in May 2017 to specialize in family products and fresh items, introducing different user-friendly functions and features to enhance and attract more online shoppers. As at 30 June 2017, the active customer/member base has increased by approximately 58.6% to more than 92,000 from around 58,000 as at 31 December 2016, and the conversion rate of the customer/member base in first half of 2017 has reached 54.4%. To further strengthen Shirble's services and online platform branding, i-Shirble has its service pledge to deliver products within an hour after their purchase to customers located within a certain distance from the store, and the order will be free of charge in case of late delivery. Returned goods will also be unconditional.

The Group has continued its strategic partnership with online platforms in the PRC, including Jingdong Daojia (京東到家) and Baidu (百度) to promote the online-to-offline sales strategy, but has commenced to prioritise in promoting the i-Shirble online platform.

### Adding new elements to existing store formats and increasing marketing and promotions

Riding on the Group's ongoing success in the three business channels – namely the network of well-established department stores with the brand of “歲寶百貨”, the “SMART” supermarket that focus on lifestyle products with customers' involvement, as well as the upcoming “Shirble Plaza” offering unique lifestyle shopping experience targeting the young generation and middle-class with a high consumption spending – the Group strives to add more new elements to develop the quality and variety of merchandise offered at stores in these business channels.

For the traditional department stores under the brand of “歲寶百貨”, the Group had been carrying out inspections and evaluation of its existing stores for revamp of the store layout and addition of new elements to the product and service offerings. Fashion and apparel stores currently under concession arrangements have been gradually converted into ancillary facilities, such as gym and restaurants, with the aim to increase the customer traffic to the stores.

## CHAIRMAN'S STATEMENT

To provide “life-style” and “wholesome” shopping experience, and to promote food and related items, the Group has hired two professional chefs to provide cookery classes to shoppers in pop-up booth format within various department stores. The chefs also act as cooking consultants of the Group to promote its new cooked delicacies section.

During the first half of 2017, the Group has also started to organise several successful marketing campaigns and activities to promote sales of its products. This includes the “\$10 per Item (十元均價)” sales campaign in all Shenzhen stores, which was held twice in the first half of the year and will continue on regular basis from the second half year onwards. Other campaigns for the promotion of a healthy lifestyle and food culture, such as the introduction of MSG-free rice dumpling products during Dragon Boat Festival, have received overwhelming favourable responses from customers. The Group intends to continue to launch a series of featured campaign for the rest of the year.

### Direct sourcing and development of wholesale business

While customers are increasingly concerned about living healthier and being environmental friendly by choosing healthier foods and groceries, the Group expanded its product offerings to provide not only safe and high quality food, but also healthy and trendy items. In the past few years, the Group has timely responded to the customers' demands for healthy and environmental products by introducing edible sunflower seed oil and fruit juices from Ukraine and Bulgaria, frozen chicken seasoned with Chinese medicine, deep sea fresh fishes, fresh hydroponic vegetables with pollution free certification supplied by Guangdong local farms and environmental toxic-free detergents from Singapore.

To add onto the Group's portfolio, during the first half of the year, the Group has introduced high quality meat at its stores that are able to meet the higher imported food quality grading of Hong Kong at competitive prices, and has set up a joint venture to produce and sell high quality hand-made bakery products through its new cafe brand “金麥茶語” and pop-up bakery stores in certain Shenzhen Shirble stores. A central kitchen has been set up for the production of bakery products to ensure consistent quality and to develop for wholesale opportunities.

## CHAIRMAN'S STATEMENT

To boost customers' confidence in the Group offerings, Shirble's high quality food is derived from safe food sources through direct sourcing. Following its successful strategic vertical integration into the procurement business and full utilisation of the direct procurement source of specialty products, the Group has a team dedicated to the development of its wholesale/import and export business since late 2015. This team has been actively seeking business partners targeting suppliers as well as local retailers and distributors in Shenzhen and Guangzhou, and has gradually establishing a wholesale platform for the Group's products.

The large variety of its high quality product mix also serves as a good foundation for the Group's e-commerce development to promote its strength in providing safe, wholesome and high quality fresh food and home items.

### Enhancement of logistics arrangement for both online and offline business

In the first half of 2017, the Group has outsourced its distribution centre to an external party which is expected to reduce overall logistics costs as well as enhance the efficiency to meet the needs of the stores of the Group, and to improve the service quality for its e-commerce business in order to remain competitive.

### Acquisitions of premises for store development

In March 2017, the Group has acquired two prime location properties where its Jingtian and Changsha store are currently operating at to ensure continuous operations. Although the purchase has short-term and one-off financial impact on the financial performance of the Group, the Directors believe that the purchase would reduce the Group's rental expenses in the long run and will therefore improve the financial performance of the Group. The Group may also enjoy opportunity from appreciation of market value of the properties. Depends on the Group's capital resources, the Group may consider transaction of similar nature in the future and to further improve its assets portfolio.

### Recruitment of new personnel

To cater for the transformation of the Group's business, the Group has recruited several experienced personnel in the industry to join the Group as senior management to assist the Group's development of e-commerce business, "SMART" business and "Shirble Plaza" business. The Group will continue to invest in human resources in order to accelerate in developing its new business model.

## CHAIRMAN'S STATEMENT

### FUTURE PLANS

#### Further strengthen i-Shirble

With the advantage of being one of the first movers to implement the online-to-offline sales strategy, the Group has managed to record a promising growth of approximately 58.6% for its active customer/member base, with more than 92,000 active members as at 30 June 2017 as compared to 58,000 as at 31 December 2016.

In the future, as i-Shirble begins building its own sizeable membership base in Shenzhen, and gradually extending to Shanwei and other regions in Guangdong province and expanding its market to different age groups, the Group will gradually diminish its reliance on Jingdong Daojia and Baidu to focus its resources on promoting its own online platform, i-Shirble.

#### Opening of the Group's "Shirble Plaza" and "SMART" supermarket

In line with the Group's business strategy, and taking advantage of the rocketing consumption pattern of the middle class and the young generation in China, the Yitian (益田) store in Futian District, Shenzhen, with gross floor area of approximately 17,500 sq.m., embracing the "Shirble Plaza" concept is scheduled to open in the second half of 2017. Yitian Store is situated right above the Yitian station of Shenzhen metro railway system, and is in vicinity to major residential areas. It will be positioned as a trendy convenient one-stop lifestyle shopping mall to provide neighborhood shoppers with a variety of high quality, unique, trendy and wholesome merchandise and services. The Group's second "SMART" supermarket will be opened at Yitian Store with one of the newly-hired professional chefs stationing at the popup-stores there to serve self-sourced and self-cooked food and to provide interactive cooking experience for customers.

Depending on the performance and market response to the new Shirble Plaza brand, the Group may also open another store in Nankang, Shenzhen with gross floor area of 18,000 sq.m. under the new Shirble Plaza brand in 2018.

## CHAIRMAN'S STATEMENT

### Changing the operation of its fresh food and electrical appliances sections and introducing new sections

In the past years, the Group has been operating its fresh food section through concession counters, which has limited the expansion of this section in terms of pricing and food varieties. With the experience and effort of the Group's import and export/wholesale team, the Group has managed to introduce certain freshly caught deep sea fishes, poultry, pork and vegetable at competitive prices. These items are well received by customers. To further align with the Group's overall strategies to provide safe and high quality food, the Group plans to fully convert its operating format from concession sales to direct sales for its fresh food section, and targets to provide customers with a greater variety of fresh food items at the same time drives up sales and traffic.

The Group operates its electrical appliances section through direct sales. In order to reduce costs and floor space for inventories and costs on after-sales services, the Group aims to gradually convert all self-operated section for the sales of electrical appliances into jointly-managed retail network with business partners.

In addition, the Group will continue to review its product offerings and introduce new sections such as homecare and mother and infant sections, as well as cooked deli corners that cater to the needs of young couples and families.

### Establishment of supermarket chain in residential and urban village areas (城中村)

The Group continues to explore opportunities in urban village areas (城中村) through strategic alliances with local partners such as Meiyiduo (美宜多) and/or opening its own compact stores in those areas as well as residential areas in order to tap niche markets in those regions. These compact stores are planned to focus on offering mainly fresh food items or convenience items.

### Potential mergers and investment opportunities

The Directors will continue to explore and evaluate new business cooperation and investment opportunities in the retail and department store sector that could create synergies with the existing core business of the Group.

## CONCLUSION

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Total gross sales proceeds

For the six months ended 30 June 2017, the Group's total gross sales proceeds (representing the aggregate of (a) the revenue from direct sales of the Group, (b) total sales proceeds from concessionaire sales at the Group's department stores and (c) income from reversal of long-aged unredeemed prepaid cards) were RMB1,025.5 million, representing a decrease of 8.4% from RMB1,119.6 million in the corresponding period of 2016. The decrease in total gross sales proceeds was principally due to the challenging retail business environment.

Revenue generated from direct sales of the Group amounted to RMB522.8 million and the total sales proceeds from concessionaire sales amounted to RMB500.1 million, accounting for 51.0% and 48.8%, respectively, of the Group's total gross sales proceeds for the six months ended 30 June 2017. For the same period in 2016, revenue from direct sales amounted to RMB572.8 million, while the total sales proceeds from concessionaires sales amounted to RMB544.9 million, accounted for 51.2% and 48.7% respectively of the Group's total gross sales proceeds.

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

	For the six months ended 30 June			
	2017		2016	
	RMB million	%	RMB million	%
Electronics and home appliances	71.9	7.0	98.0	8.8
Clothes, apparel and bedding	143.6	14.0	176.0	15.7
Children's goods	15.5	1.5	21.0	1.9
Sporting and stationery goods	112.0	10.9	129.3	11.5
Food and beverages	499.7	48.7	509.4	45.5
Daily necessities and cosmetic goods	180.2	17.6	184.0	16.4
Income from reversal of long-aged unredeemed pre-paid cards	2.6	0.3	1.9	0.2
	<b>1,025.5</b>	<b>100.0</b>	1,119.6	100.0

## MANAGEMENT DISCUSSION AND ANALYSIS

### Revenue

The Group's revenue amounted to RMB661.1 million for the six months ended 30 June 2017, representing a decrease of 6.6% as compared to RMB707.5 million in the corresponding period of 2016. Resulting from the challenging retail business environment, the decrease was principally attributable from the decrease in direct sales and commission from concessionaire sales, offset by the increase in rental income.

Direct sales decreased by 8.7% to RMB522.8 million for the six months ended 30 June 2017 from RMB572.8 million in the corresponding period of 2016, principally due to the decrease in the sales from existing stores in Shenzhen. Direct sales as a percentage of the Group's total revenue was 79.1% for the six months ended 30 June 2017 as compared to 81.0% in the corresponding period of 2016.

Commission from concessionaire sales decreased by 16.4% to RMB68.4 million for the six months ended 30 June 2017 from RMB81.8 million in the corresponding period of 2016, mainly due to the gradual shift of concessionaire sales to rental income in the first half of 2017. The commission rate of concessionaire sales was 13.7% as compared to 15.0% for the corresponding period in 2016 as a result of more promotion activities held in the competitive market. Commission from concessionaire sales as a percentage of the Group's total revenue was 10.3% for the six months ended 30 June 2017 as compared to 11.6% for the corresponding period of 2016.

Rental income increased substantially by 31.5% to RMB67.2 million for the six months ended 30 June 2017 from RMB51.1 million for the corresponding period in 2016, mainly due to the continuous restructuring of store layout plan in different stores to decrease concession counters and increase the proportion of leased/sub-leased area for complementary facilities. Rental income as a percentage of the Group's total revenue was 10.2% for the six months ended 30 June 2017 as compared to 7.2% for the corresponding period of 2016.

Income from reversal of long-aged unredeemed pre-paid cards increased by 36.8% to RMB2.6 million for the six months ended 30 June 2017 from RMB1.9 million in the corresponding period of 2016.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Other operating revenue

Other operating revenue increased by 14.6% to RMB75.4 million for the six months ended 30 June 2017 from RMB65.8 million in the corresponding period in 2016, mainly due to the new accounting treatment in respect of utility cost incurred by lessees subsequent to the change of PRC law which was originally disclosed as a net amount in other expenses.

### Other gain, net

Other net gain amounted to RMB31.5 million for the six months ended 30 June 2017 as compared with RMB1.6 million in the corresponding period of 2016, mainly due to the reversal of accrued rental expense of RMB33.4 million as a result of the acquisition of two properties where the Group's Jingtian and Changsha stores used to operate under lease arrangement.

### Purchase of and changes in inventories

Purchase of and changes in inventories amounted to RMB452.9 million for the six months ended 30 June 2017, representing a decrease of 9.2% as compared with RMB499.0 million in the corresponding period of 2016, which is in line with the decrease in direct sales. As a percentage of revenue from direct sales, purchase of and changes in inventories was 86.6% for the six months ended 30 June 2017 as compared with 87.1% in the same period of 2016.

### Employee benefits

Employee benefits increased by 4.2% to RMB96.5 million for the six months ended 30 June 2017 from RMB92.6 million in the corresponding period of 2016, primarily due to the recruitment of new personnel for the development of the Group's new businesses.

### Depreciation and amortisation

Depreciation and amortisation increased by 11.5% to RMB25.2 million for the six months ended 30 June 2017 from RMB22.6 million in the corresponding period in 2016. The increase was mainly due to the acquisition of two properties in March 2017.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Operating lease rental expenses

Operating lease rental expenses increased by 5.7% to RMB75.7 million for the six months ended 30 June 2017 from RMB71.6 million in the corresponding period of 2016. The increase was mainly due to the rental expenses for the Group's new stores (Shixia Store and Yitian Store), offset by the decrease in rental expenses for Jingtian and Changsha Store, the operating premises of which were acquired by the Group in March 2017.

### Other operating expenses, net

Other operating expenses, which were principally comprised of utility expenses, advertising, marketing, promotion and related expenses, other tax expenses, bank charges, exchange differences and maintenance expenses, increased by 29.1% to RMB67.4 million for the six months ended 30 June 2017 from RMB52.2 million in the corresponding period of 2016. This was primarily due to the new accounting treatment in respect of utility cost incurred by lessees subsequent to the change of PRC law which was originally recorded as a net amount in other expenses.

### Operating profit

As a result of the reasons mentioned above, the Group's operating profit amounted to RMB50.4 million for the six months ended 30 June 2017 as compared with the operating profit of the Group of RMB36.8 million for the six months ended 30 June 2016.

### Finance income

Finance income decreased by 80.1% to RMB3.8 million for the six months ended 30 June 2017 from RMB19.1 million in the corresponding period of 2016, primarily due to the decrease in cash balance and corresponding interest income upon the acquisition of two properties in March 2017.

### Finance costs

No finance costs was incurred for the six months ended 30 June 2017 from RMB1.2 million in the corresponding period of 2016 as a result of the full repayment of outstanding bank borrowings in the second half of 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Income tax expense

Income tax expense amounted to RMB13.6 million for the six months ended 30 June 2017, representing decrease of 6.8% from RMB14.6 million in the corresponding period of 2016. The effective tax rate applicable to the Group for the six months ended 30 June 2017 were 25% for general subsidiaries. Certain of the Company subsidiaries are entitled to small and micro entity tax credit, which enjoys the 20% tax rate and a 50% deduction of taxable income. In addition, pursuant to the PRC Corporate Income Tax Law, the Group is liable to withholding taxes on dividends distributed by subsidiaries established in China. The applicable tax rate for the Group is 5%.

### Profit attributable to equity shareholders of the Company

As a result of the aforementioned, profit attributable to Shareholders amounted to RMB40.7 million for the six months ended 30 June 2017, representing a slight increase of 1.5% as compared with the profit of RMB40.1 million in the corresponding period of 2016.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2017, the Group's cash and cash equivalents and bank deposits amounted to RMB574.2 million, representing a decrease of 55.3% from RMB1,285.6 million as at 31 December 2016 as a result of acquisition of two properties in March 2017 which were settled in cash. The cash and cash equivalents and bank deposits, which were in RMB, Hong Kong dollars and United State dollars, were deposited with banks in the PRC and Hong Kong for interest income.

### Net current assets and net assets

The net current assets of the Group as of 30 June 2017 were RMB60.0 million (31 December 2016: RMB611.0 million), representing a decrease of 90.2%. The net assets of the Group as at 30 June 2017 increased to RMB1,395.2 million (31 December 2016: RMB1,341.0 million), representing an increase of 4.0%.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Foreign exchange exposure

The business operations of the Group is primarily in the PRC with most of its transactions settled in RMB. Certain of the Group's cash and bank balances are denominated in Hong Kong and United States dollars. The Company paid dividends in Hong Kong dollars. These exposed the Group to foreign exchange risks arising from the exchange rate movement of Hong Kong dollars against RMB. For the six months ended 30 June 2017, the Group recorded a net foreign exchange loss of RMB4.3 million as a result of the Renminbi appreciation. The Group has not used any forward contracts, currency borrowings or other means to hedge its foreign currency exposure.

### Employees and remuneration policy

As at 30 June 2017, the total number of employees of the Group was 2,349. The Group's remuneration policy is determined with reference to market conditions and the performance, qualifications and experience of individual employees. The Company has also introduced the key performance indicators assessment scheme to boost performance and operational efficiency.

### Contingent liabilities

Certain suppliers, vendors and employees have commenced proceedings in the PRC against the Group in respect of disputes over contract terms. As at 30 June 2017, the legal proceedings were ongoing. The Group has made an accumulated provision of approximately RMB10,119,000 (31 December 2016: RMB10,242,000), which the Directors believe is adequate to cover the Group's liabilities, if any, payable in respect of these claims.

### Material acquisitions and disposal of subsidiaries

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

# INDEPENDENT REVIEW REPORT



羅兵咸永道

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

## INTRODUCTION

We have reviewed the interim financial information set out on pages 22 to 54, which comprises the interim consolidated balance sheet of Shirble Department Store Holdings (China) Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) as at 30 June 2017 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

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

## INDEPENDENT REVIEW REPORT



**pwc**

**CONCLUSION**

羅兵咸永道

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

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 25 August 2017

# INTERIM CONSOLIDATED STATEMENT OF INCOME

For the six months ended 30 June 2017

		Unaudited Six months ended 30 June	
	Note	2017 RMB'000	2016 RMB'000
Revenue	7	661,105	707,514
Other operating revenue	8	75,443	65,756
Other gain – net	9	31,520	1,578
Purchase of and changes in inventories	10	(452,855)	(498,966)
Employee benefits	10	(96,479)	(92,635)
Depreciation and amortisation	10	(25,218)	(22,608)
Operating lease rental expenses	10	(75,698)	(71,622)
Other operating expenses, net	10	(67,417)	(52,217)
<b>Operating profit</b>		<b>50,401</b>	36,800
Finance income		3,849	19,065
Finance costs		–	(1,172)
Finance income – net		3,849	17,893
Share of profit of associate		12	–
<b>Profit before income tax</b>		<b>54,262</b>	54,693
Income tax expense	11	(13,556)	(14,634)
<b>Profit for the period</b>		<b>40,706</b>	40,059
<b>Profit attributable to:</b>			
Owners of the Company		40,706	40,059
<b>Earnings per share for the profit attributable to owners of the Company during the period</b> (expressed in RMB per share)			
– Basic	13	0.02	0.02
– Diluted	13	0.02	0.02

The notes on pages 29 to 54 form an integral part of this interim condensed consolidated financial information.

# INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

		Unaudited Six months ended 30 June	
		2017	2016
		RMB'000	RMB'000
Note			
	<b>Profit for the period</b>	<b>40,706</b>	40,059
	<b>Other comprehensive income:</b>		
	<i>Item that will not be reclassified subsequently to profit or loss</i>		
	Change in fair value of investment properties upon transfer, net of tax	14	13,092
	<i>Item that may be reclassified to profit or loss</i>		
	Fair value change on available-for-sale financial assets, net of tax	17	1,202
	Currency translation differences		241
	<b>Other comprehensive income for the period</b>	<b>14,535</b>	(1,111)
	<b>Total comprehensive income for the period</b>	<b>55,241</b>	38,948
	<b>Attributable to:</b>		
	Owners of the Company	<b>55,241</b>	38,948

The notes on pages 29 to 54 form an integral part of this interim condensed consolidated financial information.



## INTERIM CONSOLIDATED BALANCE SHEET

For the six months ended 30 June 2017

	Note	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	14	190,500	161,500
Property, plant and equipment	15	1,039,935	468,104
Intangible assets	15	17,158	19,045
Investment in associate		984	972
Deferred income tax assets	16	43,855	46,944
Other receivables and prepayments	18	63,290	45,709
		<b>1,355,722</b>	742,274
<b>Current assets</b>			
Inventories		142,435	168,666
Available-for-sale financial assets	17	29,806	28,936
Trade receivables, other receivables and prepayments	18	109,424	69,925
Bank deposits	19	174,238	455,907
Cash and cash equivalents	19	399,939	829,690
		<b>855,842</b>	1,553,124
<b>Total assets</b>		<b>2,211,564</b>	2,295,398
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	20	213,908	213,908
Share premium	20	854,686	858,649
Shares held for share award scheme	20	(10,411)	(10,411)
Other reserves		251,620	234,123
Retained profits		85,420	44,714
<b>Total equity</b>		<b>1,395,223</b>	1,340,983

## INTERIM CONSOLIDATED BALANCE SHEET

For the six months ended 30 June 2017

	Note	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities	16	20,518	12,246
<b>Current liabilities</b>			
Trade and other payables	22	745,121	882,684
Income tax payable		50,702	59,485
		795,823	942,169
<b>Total liabilities</b>		<b>816,341</b>	954,415
<b>Total equity and liabilities</b>		<b>2,211,564</b>	2,295,398

The notes on pages 29 to 54 form an integral part of this interim condensed consolidated financial information.

**YANG XIANGBO**  
*Director*

**YANG TI WEI**  
*Director*

# INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

Unaudited  
Attributable to owners of the Company

	Share capital RMB'000	Share premium RMB'000	Shares held for share award scheme RMB'000	Other reserves RMB'000	Retained profits RMB'000	Total equity RMB'000
<b>Balance as at 1 January 2017</b>	<b>213,908</b>	<b>858,649</b>	<b>(10,411)</b>	<b>234,123</b>	<b>44,714</b>	<b>1,340,983</b>
<b>Comprehensive income</b>						
Profit for the period	-	-	-	-	40,706	40,706
<b>Other comprehensive income</b>						
Changes in fair value of available-for-sale financial assets, net	-	-	-	1,202	-	1,202
Revaluation of property, plant and equipment transfer to investment properties, net of tax	-	-	-	13,092	-	13,092
Currency translation differences	-	-	-	241	-	241
Total other comprehensive income	-	-	-	14,535	-	14,535
<b>Total comprehensive income</b>	<b>213,908</b>	<b>858,649</b>	<b>(10,411)</b>	<b>248,658</b>	<b>85,420</b>	<b>1,396,224</b>
<b>Transaction with owners</b>						
Employee share award schemes:						
- Value of employee services (Note 21)	-	-	-	2,962	-	2,962
Dividends (Note 12)	-	(3,963)	-	-	-	(3,963)
<b>Total transactions with owners</b>	<b>-</b>	<b>(3,963)</b>	<b>-</b>	<b>2,962</b>	<b>-</b>	<b>(1,001)</b>
<b>Balance as at 30 June 2017</b>	<b>213,908</b>	<b>854,686</b>	<b>(10,411)</b>	<b>251,620</b>	<b>85,420</b>	<b>1,395,223</b>

# INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Unaudited Attributable to owners of the Company					
	Share capital RMB'000	Share premium RMB'000	Shares held for share award scheme RMB'000	Other reserves RMB'000	Retained profits/ (accumulated loss) RMB'000	Total equity RMB'000
<b>Balance as at 1 January 2016</b>	<b>213,908</b>	<b>876,986</b>	<b>(14,531)</b>	<b>225,621</b>	<b>(9,071)</b>	<b>1,292,913</b>
<b>Comprehensive income</b>						
Profit for the period	-	-	-	-	40,059	40,059
<b>Other comprehensive income</b>						
Changes in fair value of available-for-sale financial assets, net	-	-	-	(846)	-	(846)
Currency translation differences	-	-	-	(265)	-	(265)
Total other comprehensive income	-	-	-	(1,111)	-	(1,111)
<b>Total comprehensive income</b>	<b>213,908</b>	<b>876,986</b>	<b>(14,531)</b>	<b>224,510</b>	<b>30,988</b>	<b>1,331,861</b>
<b>Transaction with owners</b>						
Employee share award schemes:						
- Value of employee services	-	-	-	3,660	-	3,660
- Shares purchased for shared award schemes	-	-	(748)	-	-	(748)
Dividend (Note 12)	-	(5,888)	-	-	-	(5,888)
<b>Total transactions with owners</b>	<b>-</b>	<b>(5,888)</b>	<b>(748)</b>	<b>3,660</b>	<b>-</b>	<b>(2,976)</b>
<b>Balance as at 30 June 2016</b>	<b>213,908</b>	<b>871,098</b>	<b>(15,279)</b>	<b>228,170</b>	<b>30,988</b>	<b>1,328,885</b>

The notes on pages 29 to 54 form an integral part of this interim condensed consolidated financial information.

# INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

		Unaudited Six months ended 30 June	
		2017	2016
	Note	RMB'000	RMB'000
<b>Cash flows from operating activities</b>			
Cash used in operations		(82,226)	(101,076)
Interest paid		-	(1,172)
Income tax paid		(15,342)	(13,378)
<b>Net cash used in operating activities</b>		<b>(97,568)</b>	<b>(115,626)</b>
<b>Cash flows from investing activities</b>			
Payments for purchases of property, plant and equipment and other non-current assets	15	(621,666)	(3,851)
Purchases of intangible assets	15	(910)	(2,325)
Proceeds from redemptions on maturity and disposals of available-for-sale financial assets		-	4,034
Proceeds from disposals of property, plant and equipment		882	306
Decrease/(Increase) in bank deposits		281,669	(15,126)
Interest received		7,547	28,992
<b>Net cash (used in)/generated from investing activities</b>		<b>(332,478)</b>	<b>12,030</b>
<b>Cash flows from financing activities</b>			
Repayments of borrowings		-	(122,443)
Payments for the share purchase for the employees' share award scheme		-	(748)
Dividends paid to the Company's shareholders		(3,963)	(5,888)
<b>Net cash used in financing activities</b>		<b>(3,963)</b>	<b>(129,079)</b>
<b>Net decrease in cash and cash equivalents</b>			
		<b>(434,009)</b>	<b>(232,675)</b>
Cash and cash equivalents at beginning of period		829,690	953,378
Effect of changes in foreign exchange rate		4,258	(914)
<b>Cash and cash equivalents as at 30 June</b>	19	<b>399,939</b>	<b>719,789</b>

The notes on pages 29 to 54 form an integral part of this interim condensed consolidated financial information.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2017

## 1. GENERAL INFORMATION

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

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

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

The interim condensed consolidated financial information has been approved for issue by the Board of Directors on 25 August 2017.

## 2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2017 (the “**interim period**”) has been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting”. The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2017

## 3. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of amendments to IFRSs effective for the financial year ending 31 December 2017.

Amendments to IFRSs effective for the financial year ending 31 December 2017 do not have a material impact on the Group.

## 4. ESTIMATES

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

In preparing the interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

## 5. FINANCIAL RISK MANAGEMENT

### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk, and commodity price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2017

## 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 5.1 Financial risk factors (continued)

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2016.

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

### 5.2 Liquidity risk

The liquidity risk of the Group is controlled by maintaining sufficient cash and cash equivalents, which is generated from the operating cash flows and financing cash flows.

The table below shows the Group's financial liabilities based on the remaining period at the end of the reporting period to the contractual maturity dates. No financial liabilities mature later than one year. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<b>2017</b> <b>RMB'000</b>	2016 RMB'000
Maturity less than 1 year:		
Financial liabilities	<b>444,649</b>	519,769



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2017

## 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 5.3 Fair value estimation

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

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

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

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2017

## 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 5.3 Fair value estimation (continued)

30 June 2017	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Available-for-sale financial assets</b>				
Wealth management products with variable return rate (Note 17)	-	29,806	-	29,806
<b>Investment properties (Note 14)</b>	-	-	190,500	190,500
	-	29,806	190,500	220,306
<b>31 December 2016</b>				
<b>Available-for-sale financial assets</b>				
Wealth management products with variable return rate (Note 17)	-	28,936	-	28,936
<b>Investment properties (Note 14)</b>	-	-	161,500	161,500
	-	28,936	161,500	190,436

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2017

## 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 5.3 Fair value estimation (continued)

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

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

## 6. SEGMENT INFORMATION

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

The information reported to the chief operating decision-maker for the purpose of resource allocation and assessment of performance, is prepared based on the overall operation of department stores in the People's Republic of China ("**the PRC**"), which is the only operating and reporting segment of the Group.

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

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2017

## 7. REVENUE

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Direct sales	522,819	572,773
Commission from concessionaire sales	68,443	81,758
Rental income	67,220	51,062
Income from reversal of long-aged unredeemed prepaid cards	2,623	1,921
	<b>661,105</b>	<b>707,514</b>

## 8. OTHER OPERATING REVENUE

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Promotion, administration and management income	64,476	58,249
Credit card handling fees for concessionaire sales	5,425	5,922
Others	5,542	1,585
	<b>75,443</b>	<b>65,756</b>

## 9. OTHER GAIN-NET

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Reversal of accrued rental expense (a)	33,383	-
Reversal of/(provision for) legal claims (Note 25)	123	(441)
Change in fair value of investment properties (Note 14)	100	1,800
Compensation for the contract damages	52	223
Loss on disposal of property, plant and equipment	(1,998)	(188)
Others	(140)	184
	<b>31,520</b>	<b>1,578</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2017

## 9. OTHER GAIN-NET (CONTINUED)

- (a) During the six months ended 30 June 2017, the Group acquired properties in Shenzhen and Changsha, which were originally leased by the Group as department stores. As a result of the acquisition, accrual accumulated for lease incentives and future incremental lease rentals amounting to RMB33,383,000 was reversed and recognised in “Other gain-net”.

## 10. EXPENSES BY NATURE

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

	Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Purchase of and changes in inventories	452,855	498,966
Employee benefits	96,479	92,635
Operating lease rental expenses	75,698	71,622
Depreciation and amortisation expenses (Note 15)	25,218	22,608
Utilities expenses	32,751	17,095
Auditor's remuneration	778	778
Other expenses	33,888	34,344
	<b>717,667</b>	738,048

## 11. INCOME TAX EXPENSES

	Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Current income tax		
– PRC corporate income tax	6,559	11,693
Deferred income tax (Note 16)	6,997	2,941
	<b>13,556</b>	14,634

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2017

## 11. INCOME TAX EXPENSES (CONTINUED)

- (a) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.
- (b) Hong Kong profits tax has not been provided as the Group did not generate any assessable profits in Hong Kong during the interim period. Taxes on overseas profits have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.
- (c) The applicable income tax rate are 25% for general subsidiaries. Certain of the Company's PRC subsidiaries are entitle to small and micro entity tax credit, which enjoys the 20% tax rate and a 50% deduction of taxable income.

## 12. DIVIDENDS

Pursuant to the resolutions by the annual general meeting of the Company held on 26 May 2017, a final dividend of RMB0.0016 per ordinary share amounting to RMB3,963,000 out of the share premium account for the year ended 31 December 2016 was approved and paid by the Company.

On 25 August 2017, the board of directors recommended an interim dividend of HKD0.0055 (equivalent to approximately RMB0.0048) per share for the interim period, amounting to HKD13,723,000 (equivalent to approximately RMB11,969,000) (six months ended 30 June 2016: HKD14,222,000, equivalent to approximately RMB12,201,000). The interim dividend is to be proposed out of the share premium account and this interim financial information do not reflect this dividend payable.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2017

## 13. EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the earnings attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period. The repurchases of the Company's own ordinary shares was reflected in the weighted average number of ordinary shares in issue from the date shares were repurchased.

	Six months ended 30 June	
	2017	2016
Profits attributable to owners of the Company (in RMB thousand)	<b>40,706</b>	40,059
Weighted average number of ordinary shares in issue (thousand)	<b>2,472,784</b>	2,463,603
Basic earnings per share (RMB per share)	<b>0.02</b>	0.02

### (b) Diluted

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2017

## 13. EARNINGS PER SHARE (CONTINUED)

### (b) Diluted (continued)

	Six months ended 30 June	
	2017	2016
Earnings (in RMB thousands) Profits attributable to owners of the Company	<b>40,706</b>	40,059
Weighted average number of ordinary shares (thousands)		
Weighted average number of ordinary shares in issue	<b>2,472,784</b>	2,463,603
Adjustments for awarded shares	<b>22,216</b>	31,397
Weighted average number of ordinary shares for diluted earnings per share	<b>2,495,000</b>	2,495,000
Diluted earnings per share (RMB per share)	<b>0.02</b>	0.02

## 14. INVESTMENT PROPERTIES

	2017 RMB'000	2016 RMB'000
As at 1 January	<b>161,500</b>	159,700
Transfer from property, plant and equipment (Note 15)	<b>11,444</b>	–
Increase in fair value at the date of transferring from property, plant and equipment (a)	<b>17,456</b>	–
Net gains from fair value adjustment (b) (Note 9)	<b>100</b>	1,800
As at 30 June	<b>190,500</b>	161,500

As at 30 June 2017, the Group had no unprovided contractual obligations for future repairs and maintenance (2016: Nil).



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2017

### 14. INVESTMENT PROPERTIES (CONTINUED)

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

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

- (a) As at the date of transferring from property, plant and equipment, the increase in fair value of RMB17,456,000 (2016: Nil) had been recognised in reserve.
- (b) Subsequent to the date of transferring from property, plant and equipment, gains from changes in fair value amounting to RMB100,000 in 2017 (2016: RMB1,800,000) had been recognised in other gain-net.

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

	Property, plant and equipment RMB'000	Intangible assets RMB'000
<b>Six months ended 30 June 2017</b>		
<b>As at 1 January 2017</b>	<b>468,104</b>	<b>19,045</b>
Additions (a)	<b>609,451</b>	<b>35</b>
Transfers to investment properties (b)	<b>(11,444)</b>	<b>-</b>
Disposals	<b>(2,880)</b>	<b>-</b>
Depreciation	<b>(23,296)</b>	<b>(1,922)</b>
<b>As at 30 June 2017</b>	<b>1,039,935</b>	<b>17,158</b>
<b>Six months ended 30 June 2016</b>		
<b>As at 1 January 2016</b>	498,928	18,240
Additions	5,675	3,863
Disposals	(494)	-
Depreciation	(20,990)	(1,618)
<b>As at 30 June 2016</b>	<b>483,119</b>	<b>20,485</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2017

## 15. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS (CONTINUED)

- (a) Additions to property, plant and equipment for the six months ended 30 June 2017 were mainly due to the acquisition of properties in Shenzhen and Changsha (see Note 9(a)).
- (b) During the six months ended 30 June 2017, the Group leased certain owner-occupied premises in Shenzhen to third parties. Accordingly, it transferred these assets with an aggregate carrying amount of RMB11,444,000 from property, plant and equipment to investment properties at fair value of RMB28,900,000 and recognised an increase in fair value of RMB17,456,000 as revaluation surplus within other reserves.

## 16. DEFERRED INCOME TAX

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

	As at	
	30 June 2017 RMB'000	31 December 2016 RMB'000
Deferred income tax assets	43,855	46,944
Deferred income tax liabilities	(20,518)	(12,246)
Net deferred income tax assets	23,337	34,698

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2017

### 16. DEFERRED INCOME TAX (CONTINUED)

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

	2017 RMB'000	2016 RMB'000
<b>As at 1 January</b>	<b>34,698</b>	39,854
Tax charged to consolidated income statement (Note 11)	<b>(6,997)</b>	(3,656)
Tax paid in related to the remittance of dividends (Note 11)	–	715
Tax charged to consolidated statement of comprehensive income	<b>(4,364)</b>	–
<b>As at 30 June</b>	<b>23,337</b>	36,913

### 17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017 RMB'000	2016 RMB'000
<b>As at 1 January</b>	<b>28,936</b>	37,265
Disposals	–	(3,970)
Fair value change recognised in other comprehensive income	<b>1,202</b>	(846)
Currency translation difference	<b>(332)</b>	230
<b>As at 30 June</b>	<b>29,806</b>	32,679

The Group's available-for-sale financial assets as at 30 June 2017 represented non-principal guaranteed wealth management products with variable return rate. The available-for-sale financial assets are denominated in RMB and USD.

The fair value of the wealth management products is based on its market price as at 30 June 2017. The fair value is within level 2 of the fair value hierarchy.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2017

## 18. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	As at	
	30 June 2017 RMB'000	31 December 2016 RMB'000
<b>Current portion:</b>		
Trade receivables (a)	32,494	32,841
Other receivables	28,253	12,074
VAT recoverable	27,636	–
Receivable from a trustee for the share purchase for the employees' share award scheme (b)	14,199	14,755
Interest receivables	2,639	6,337
Prepayments	2,637	2,428
Lease deposits	1,566	1,473
Amounts due from a related party (Note 24(c))	–	17
	<b>109,424</b>	<b>69,925</b>
<b>Non-current portion:</b>		
Lease deposits	27,638	30,969
Prepayments for acquisition of properties	17,836	11,125
Prepayments for construction project	10,857	1,168
Prepayments for acquisition of furniture and other equipment	6,084	2,447
Prepayments for acquisition of intangible assets	875	–
	<b>63,290</b>	<b>45,709</b>
	<b>172,714</b>	<b>115,634</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2017

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

#### (a) Trade receivables

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

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

	As at	
	<b>30 June 2017 RMB'000</b>	31 December 2016 RMB'000
0–30 days	<b>24,257</b>	20,979
31–90 days	<b>4,689</b>	8,283
91–365 days	<b>3,548</b>	3,579
	<b>32,494</b>	32,841

All trade receivables are denominated in RMB and their carrying amounts approximate their fair values as at 30 June 2017.

As at 30 June 2017, trade receivables of RMB4,839,922 (2016: RMB7,469,000) were past due but not impaired. They relate to a number of corporate customers that have good reputation and good trading and settlement history maintained with the Group. Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances.

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

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2017

## 19. BANK DEPOSITS, CASH AND CASH EQUIVALENTS

	As at	
	30 June 2017 RMB'000	31 December 2016 RMB'000
Bank deposits with initial terms of over three months	174,238	455,907
Cash and cash equivalents	399,939	829,690
	574,177	1,285,597

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

	Number of ordinary shares (thousand)	Ordinary Share capital RMB'000	Share premium RMB'000 (Note a)	Shares held for share award scheme RMB'000 (Note b)	Total RMB'000
<b>As at 1 January 2017</b>	2,495,000	213,908	858,649	(10,411)	1,062,146
Dividends to equity shareholders	-	-	(3,963)	-	(3,963)
<b>As at 30 June 2017</b>	2,495,000	213,908	854,686	(10,411)	1,058,183
<b>As at 1 January 2016</b>	2,495,000	213,908	876,986	(14,531)	1,076,363
Dividends to equity shareholders	-	-	(5,888)	-	(5,888)
Shares purchased for shared award schemes	-	-	-	(748)	(748)
<b>As at 30 June 2016</b>	2,495,000	213,908	871,098	(15,279)	1,069,727

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2017

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

- (a) The application of the share premium account is governed by the Companies Law of the Cayman Islands. Under the Companies Law of the Cayman Islands, the funds in share premium account are distributable to shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.
- (b) Shares held for share award scheme represented the award shares purchased for purpose of the share award scheme adopted by the Company. See Note 21 for further details.

## 21. SHARE-BASED PAYMENTS

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

The Share Award Scheme is managed by an independent trustee ("**Trustee**") appointed by the Group. The Trustee purchases the award shares under the direction of the Company for the purpose of the Share Award Scheme.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2017

## 21. SHARE-BASED PAYMENTS (CONTINUED)

Movement of shares held for share award scheme for the six months ended 30 June 2017 are as follows:

	Number of Shares (thousand)	Amount RMB'000
As at 1 January 2017 and 30 June 2017	22,216	10,411

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

Movement of the Award Shares granted to the employees for the six months ended 30 June 2017 is as follows:

	Shares granted on 13 July 2015 (thousand)	Shares granted on 17 December 2015 (thousand)	Shares granted on 20 January 2017 (thousand)	Total (thousand)
At 1 January 2017	12,612	8,388	–	21,000
Granted during the period	–	–	7,524	7,524
As at 30 June 2017	12,612	8,388	7,524	28,524
Including: Award Shares				
Granted to a director of the Company	1,660	–	–	1,660



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2017

## 21. SHARE-BASED PAYMENTS (CONTINUED)

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

	Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Employees (excluding directors)	2,799	3,392
Directors	163	268
Total employees benefit expenses	2,962	3,660

## 22. TRADE AND OTHER PAYABLES

	As at	
	30 June 2017 RMB'000	31 December 2016 RMB'000
Advances received from customers (a)	235,910	266,392
Trade payables (c)	174,126	222,250
Rental payables	155,850	182,142
Deposits	60,562	61,068
Other payables and accruals	54,089	54,132
Deferred income (b)	22,991	25,613
Accrued wages and salaries	19,335	29,877
Accrual for legal claims (d) (Note 25)	10,119	10,242
Advances from suppliers	6,563	6,365
Other tax payables	5,554	24,426
Amount due to related parties (Note 24(c))	22	177
	745,121	882,684

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2017

### 22. TRADE AND OTHER PAYABLES (CONTINUED)

- (a) The amount mainly represented cash received for prepaid cards sold.
- (b) The amount mainly represented the carrying amount of unredeemed awarded credits.
- (c) The aging analysis of the trade payables of the Group were as follows:

	As at	
	<b>30 June 2017 RMB'000</b>	31 December 2016 RMB'000
0 – 30 days	<b>42,360</b>	100,269
31 – 60 days	<b>40,628</b>	43,062
61 – 90 days	<b>25,376</b>	19,267
91 – 365 days	<b>37,976</b>	30,329
1 year – 2 years	<b>1,008</b>	1,488
2 years – 3 years	<b>148</b>	2,272
Over 3 years	<b>26,630</b>	25,563
	<b>174,126</b>	222,250

- (d) The amount represented provision for legal claim for certain suppliers, vendors and employees who have commenced legal proceedings against the Group.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2017

## 23. COMMITMENTS

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

	As at	
	30 June 2017 RMB'000	31 December 2016 RMB'000
Capital commitments – expenditures of property, plant and equipment – Contracted but not provided for	9,521	5,531

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

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

	As at	
	30 June 2017 RMB'000	31 December 2016 RMB'000
Buildings:		
Not later than 1 year	124,867	153,999
Later than 1 year and not later than 5 years	487,988	597,238
Over 5 years	919,647	1,107,309
	1,532,502	1,858,546

The Group leases a number of properties under operating leases in respect of retail shops, offices and warehouses. The leases typically run for a period of 3 to 22 years, with an option to renew the lease but the terms are subject to renegotiation.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2017

## 23. COMMITMENTS (CONTINUED)

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

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

	As at	
	30 June 2017 RMB'000	31 December 2016 RMB'000
Buildings:		
Not later than 1 year	76,547	81,678
Later than 1 year and not later than 5 years	106,964	195,259
Over 5 years	140,643	167,366
	<b>324,154</b>	444,303

## 24. RELATED PARTY TRANSACTIONS

The Group is controlled by Shirble Department Store Limited (incorporated in the BVI), which owns 66.6% of the shares in the Company. The ultimate parent of the Group is Xiang Rong Investment Limited (incorporated in the BVI). The ultimate controlling party of the Group is Mr YANG Xiangbo.

In addition to those disclosed elsewhere in the financial statements, the following transactions were carried out with related parties:

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2017

## 24. RELATED PARTY TRANSACTIONS (CONTINUED)

The following transactions were carried out with related parties:

### (a) Rental expenses to related parties

	Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Ruizhuo Investment	–	10
Shirble Inn	55	55
	55	65

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

### (b) Rental income from related parties

	Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Lufeng Haige	–	1,500

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

The lease agreement between the Group and Lufeng Haige has been terminated in September 2016.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2017

## 24. RELATED PARTY TRANSACTIONS (CONTINUED)

### (c) Balances with related parties

#### (i) Amount due from related parties

	As at	
	30 June 2017 RMB'000	31 December 2016 RMB'000
Lufeng Haige	–	17

Subsequent to 30 June 2017, the amount due from Lufeng Haige has been repaid.

#### (ii) Amounts due to related parties

	As at	
	30 June 2017 RMB'000	31 December 2016 RMB'000
Ruizhuo Investment	–	141
Shirble Inn	22	36
	22	177

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2017

## 24. RELATED PARTY TRANSACTIONS (CONTINUED)

### (c) Balances with related parties (continued)

#### (iii) Key management compensation

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

	Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Basic salaries and allowances	6,403	6,261
Half year-end bonuses	347	337
Contributions to the retirement scheme	30	29
Share-based compensation expenses	559	923
	<b>7,339</b>	<b>7,550</b>

## 25. CONTINGENT LIABILITIES

Certain suppliers, vendors and employees have commenced legal proceedings in the PRC against the Group in respect of disputes over contract terms. As at 30 June 2017, the legal proceedings were ongoing. The Group has made an accumulated provision of approximately RMB10,119,000 (31 December 2016: RMB10,242,000), which the directors believe is adequate to cover the amounts, if any, payable in respect of these claims.

## OTHER INFORMATION

### CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieve and maintain high corporate governance standards. In the opinion of the Directors, throughout the six months ended 30 June 2017, the Company has complied with the principles and code provisions of the Corporate Governance Code contained in Appendix 14 to The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The internal audit department has reported its findings and work plan to the Audit Committee twice a year, and the Board and the Audit Committee then reviewed and refined the Group’s material controls, including financial, operational and compliance controls and risk management functions.

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

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

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding the Directors’ securities transactions. Having made specific enquiries of all the Directors, the Company confirmed that they have complied with the Model Code during the six months ended 30 June 2017.



## OTHER INFORMATION

### AUDIT COMMITTEE

As of the date of this report, the Audit Committee comprises four independent non-executive Directors, namely, Ms. ZHAO Jinlin (Chairman), Mr. CHEN Fengliang, Mr. JIANG Hongkai and Mr. FOK Hei Yu. The Audit Committee has been established to review the financial reporting process and evaluate the effectiveness of internal control procedures (including financial, operational and compliance controls and risk management functions) of the Group.

During the six months ended 30 June 2017, the Audit Committee held one regular meeting with the management, external auditors and internal control consultant to discuss on the auditing, internal controls and financial reporting matters of the Company, and to review on the Group's internal control and the annual results for the year ended 31 December 2016.

In addition, the Group's unaudited interim results for the six months ended 30 June 2017 have been reviewed by the Audit Committee and by the auditor of the Company in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity".

### INTERIM DIVIDEND

The Board declares an interim dividend of HKD0.0055 (equivalent to approximately RMB0.0048) per Share or in the total amount of HKD13,723,000 (equivalent to approximately RMB11,969,000) (2016: RMB0.0049 (equivalent to approximately HKD0.0057) per Share or in the total amount of HKD14,222,000 (equivalent to approximately RMB12,201,000)) for the six months ended period ended 30 June 2017 which will be payable by way of cash in Hong Kong dollars. The Directors consider that this dividend level is appropriate after due consideration of the operating results of the Group for the six months ended 30 June 2017. The interim dividend will be paid on or around 3 October 2017 to Shareholders whose names appear on the Register of Members at the close of business on 19 September 2017.

## OTHER INFORMATION

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 14 September 2017 to 19 September 2017 (both days inclusive), during which period no transfer of shares of the Company will be registered for the purpose in order to determine the entitlement to receive the interim dividend. In order to qualify for the interim dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 19 September 2017.

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

As of 30 June 2017, the interests and short positions of the Directors in the shares of the Company, underlying shares or debentures of the Company or any of the associated corporations of the Company (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which were required (a) to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

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

Name of director	Capacity	Number of shares	Percentage of shareholding
Mr. YANG Xiangbo	Interest in a controlled corporation	1,662,487,500	66.6%
Mr. YANG Ti Wei	Beneficial Owner	2,490,000	0.09%

Note:

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

## OTHER INFORMATION

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

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

Save as disclosed above, as of 30 June 2017, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code; nor had there been any grant or exercise of rights of such interests during the six months ended 30 June 2017.

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

As of 30 June 2017, the following persons (other than a Director or chief executive of the Company), had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

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

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

Save as disclosed above, as of 30 June 2017, the Directors are not aware of any person (other than a Director or chief executive of the Company) who had any interests or short positions in shares or, underlying shares of the Company as recorded in the register required to be kept under sector 336 of the SFO.

## OTHER INFORMATION

### SHARE OPTION SCHEME

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

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

### EMPLOYEES’ SHARE AWARD SCHEME

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

## OTHER INFORMATION

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

On 13 July 2015, the rights to receive 18,672,000 Shares have been granted to 28 eligible employees pursuant to the Employee's Share Award Scheme. On 17 December 2015, the rights to receive an additional 13,830,000 Shares have been granted to 60 eligible employees. Subsequently, on 20 January 2017, the rights to receive an additional 7,524,000 Shares have been granted to 50 eligible employees. As approved by the Board under the Employees' Share Award Scheme, the aggregate of 40,026,000 Shares and the related income will be vested to the relevant employees during a period of three years commencing from the first anniversary of the dates of grant in the percentages of 33.3%, 33.3% and 33.4%, respectively.

As at the date of this report, 2,340,000 shares granted to ten eligible employees have not been vested due to departure, while an additional of 631,800 share were granted to two eligible employees upon their promotion.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2017.

## CORPORATE INFORMATION

### DIRECTORS

*Executive Directors:*

YANG Xiangbo  
YANG Ti Wei

*Independent non-executive Directors:*

ZHAO Jinlin  
CHEN Fengliang  
JIANG Hongkai  
FOK Hei Yu

### AUDIT COMMITTEE OF THE BOARD

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

### REMUNERATION COMMITTEE OF THE BOARD

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

### NOMINATION COMMITTEE OF THE BOARD

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

### COMPANY SECRETARY

CHAN Chore Man, Germaine, CPA

### AUTHORISED REPRESENTATIVES

YANG Xiangbo  
CHAN Chore Man, Germaine, CPA

### AUDITOR

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

### HONG KONG LEGAL ADVISER

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

### PRINCIPAL BANKERS

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

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

## CORPORATE INFORMATION

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

SMP Partners (Cayman) Limited  
Royal Bank House  
3rd Floor, 24 Shedden Road  
P.O. Box 1586

### PLACE OF BUSINESS IN HONG KONG

Suite 6509, 65/F  
Central Plaza  
18 Harbour Road  
Wanchai  
Hong Kong

### HONG KONG SHARE REGISTRAR

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

### COMPANY'S WEBSITE

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

### STOCK CODE

00312.HK

### REGISTERED OFFICE

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

### PRINCIPAL PLACE OF BUSINESS AND HEADQUARTER IN PRC

8/F, Dingfeng Building  
1036 Bao An South Road  
Luo Hu District  
Shenzhen  
PRC