TIMES Ltd.
時代零售集團有限公司*

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 1832)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

The board of directors of Times Ltd. (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2008 as follows:

Condensed Consolidated Income Statement

For the six months ended 30 June 2008

	NOTES	Six months ended 30.6.2008 *RMB'000* *(unaudited)*	30.6.2007 *RMB'000* *(audited)*
Revenue	3	**2,088,394**	1,661,645
Cost of sales		**(1,737,413)**	(1,381,763)
Gross profit		**350,981**	279,882
Other income	5	**151,186**	140,409
Selling and distribution costs		**(327,116)**	(274,014)
Administrative expenses		**(47,224)**	(39,694)
Other expenses	6	**—**	(21,621)
Finance costs		**(870)**	(11,997)
Profit before taxation		**126,957**	72,965
Taxation	7	**(37,658)**	(29,801)
Profit for the period	8	**89,299**	43,164
Dividends – paid	9	**26,045**	—
Earnings per share			
Basic (RMB)	10	**0.102**	0.068

Condensed Consolidated Balance Sheet

At 30 June 2008

	NOTES	30.6.2008 *RMB'000* *(unaudited)*	31.12.2007 *RMB'000* *(audited)*
Non-current assets			
Property, plant and equipment	11	**711,650**	663,769
Prepaid lease payments		**263,956**	267,724
Prepaid lease rentals		**89,649**	69,384
Deposits for acquisition of property, plant and equipment and leasehold land		**229,233**	30,484
Deferred tax assets		**7,996**	10,327
		1,302,484	1,041,688
Current assets			
Inventories		**537,882**	574,792
Trade and other receivables	12	**169,858**	109,260
Prepaid lease payments		**7,572**	7,572
Prepaid lease rentals		**96,529**	113,902
Pledged bank deposits		**12,169**	4,916
Bank balances and cash		**220,255**	521,592
		1,044,265	1,332,034
Current liabilities			
Trade and other payables	13	**1,051,720**	1,159,100
Tax liabilities		**16,347**	24,194
Bank borrowings		**55,000**	30,000
		1,123,067	1,213,294
Net current (liabilities) assets		**(78,802)**	118,740
Total assets less current liabilities		**1,223,682**	1,160,428
Capital and reserves			
Share capital		**8,478**	8,478
Reserves		**1,215,204**	1,151,950
Total equity		**1,223,682**	1,160,428

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2007.

In the current interim period, the Group has applied, for the first time, the following new interpretations ("New Interpretations") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2008.

HK(IFRIC) – INT 11	HKFRS 2 – Group and treasury share transactions
HK(IFRIC) – INT 12	Service concession arrangements
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

The adoption of these New Interpretations had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of financial statements [1]
HKAS 23 (Revised)	Borrowing costs[1]
HKAS 27 (Revised)	Consolidated and separate financial statements [2]
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation [1]
HKFRS 2 (Amendment)	Vesting conditions and cancellations[1]
HKFRS 3 (Revised)	Business combinations[2]
HKFRS 8	Operating segments[1]
HK(IFRIC) – INT 11	HKFRS 2 – Group and treasury share transactions[3]
HK(IFRIC) – INT 12	Service concession arrangements[4]
HK(IFRIC) – INT 13	Customer loyalty programmes[5]
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interacton[4]
HK(IFRIC) – INT 15	Agreements for the construction of real estate[1]
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation[6]

[1] Effective for annual periods beginning on or after 1 January 2009.

[2] Effective for annual periods beginning on or after 1 July 2009.

[3] Effective for annual periods beginning on or after 1 March 2008.

[4] Effective for annual periods beginning on or after 1 January 2008.

[5] Effective for annual periods beginning on or after 1 July 2008.

[6] Effective for annual periods beginning on or after 1 October 2008.

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent’s ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

The directors of the Company anticipate that the application of these new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. REVENUE

Revenue, which is also turnover of the Group, represents the amounts received and receivable for merchandise sold by the Group to outside customers and the commissions from concessionaire sales, less sales tax during the periods. An analysis of the Group's revenue for the period is as follows:

	Six months ended	
	30.6.2008	30.6.2007
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Sales of merchandise	**2,036,780**	1,619,179
Commissions from concessionaire sales *(Note)*	**51,614**	42,466
	2,088,394	1,661,645

Note:

The commissions from concessionaire sales are analysed below:		
Gross proceeds received from concessionaire sales	**387,427**	335,301
Commissions from concessionaire sales	**51,614**	42,466

4. SEGMENT INFORMATION

The Group is principally engaged in the operation of hypermarkets and supermarkets in the People's Republic of China ("PRC"). Nearly all identifiable assets of the Group are located in the PRC. Accordingly, no segmental analysis is presented.

5. OTHER INCOME

	Six months ended	
	30.6.2008	30.6.2007
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Rental income from leasing of shop premises	**68,488**	50,199
Government subsidies *(Note)*	**2,976**	2,580
Promotion income	**71,416**	71,986
Interest income on bank deposits	**5,801**	2,032
Interest income on amount due from a related company	**—**	607
Indemnity income	**413**	348
Net exchange gain	**—**	11,189
Others	**2,092**	1,468
	151,186	140,409

Note: The amounts represent subsidies received from 南通經濟技術開發區財政局 for the purpose of encouraging the Group to expand its retailing business. There were no conditions attached to the subsidies granted to the Group.

6. OTHER EXPENSES

The amount represented professional fees and other expenses related to the listing of the Company's shares on The Stock Exchange of Hong Kong Limited. Pursuant to HKAS 32 "Financial Instruments: Presentation", the transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are directly attributable to the issuing of new shares. The remaining costs are recognised as an expense when incurred.

7. TAXATION

	Six months ended	
	30.6.2008	30.6.2007
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
The charge comprises PRC Enterprise Income Tax:		
Current taxation	**35,327**	30,431
Deferred tax charge (credit)		
Current period	**2,331**	(790)
Attributable to a change in tax rate	**—**	160
	2,331	(630)
	37,658	29,801

PRC Enterprise Income Tax is calculated at a tax rate of 25% (six months ended 30 June 2007: 33%), which is the prevailing tax rate in the PRC.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations has changed the tax rate from 33% to 25% for the Group's PRC subsidiaries effective from 1 January 2008. As at 30 June 2007, the deferred tax balance had been adjusted to reflect the tax rates that were expected to apply to the respective periods when the asset was realised.

8. PROFIT FOR THE PERIOD

	Six months ended	
	30.6.2008	30.6.2007
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Profit for the period has been arrived at after charging:		
Auditor's remuneration	**318**	900
Depreciation of property, plant and equipment	**34,767**	29,011
Operating lease rentals in respect of rented land and premises	**83,475**	67,992
Release of prepaid lease payments	**3,768**	1,945
Loss on disposal of property, plant and equipment	**172**	245
Staff costs including directors' remuneration	**107,370**	92,774
Net exchange loss (included in administrative expenses)	**2,527**	—

9. DIVIDENDS

On 30 May 2008, a dividend of HK3.18 cents (equivalent to RMB2.98 cents) per share (six months ended 30 June 2007: nil) was paid to shareholders as the final dividend for 2007.

The directors do not recommend the payment of an interim dividend.

10. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the consolidated profit for the period attributable to equity holders of the Company of RMB89,299,000 (2007: RMB43,164,000) and on the basis of 873,990,000 (2007: 631,800,000) shares of the Company in issue during the period.

There was no diluted earnings per share presented for both periods as there were no potential ordinary shares outstanding.

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group disposed of certain plant and equipment with a carrying amount of RMB242,000 for proceeds of RMB70,000, resulting in a loss on disposal of RMB172,000.

In addition, the Group spent approximately RMB83,000,000 on additions to property, plant and equipment, for the purpose of expanding its retail networks in the PRC.

12. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 30 to 90 days for bulk purchases by corporate customers with good repayment history. The Group's retail sales to customers are mainly conducted on cash basis, including payments by cash and credit cards.

The following is an aged analysis of trade receivables at the balance sheet dates:

	30.6.2008	31.12.2007
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
0 - 30 days	**8,221**	6,132
31 - 60 days	**294**	1,439
61 - 90 days	**134**	93
Over 90 days	**25**	—
	8,674	7,664
Prepayments, deposits and other receivables	**161,184**	101,596
	169,858	109,260

13. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade and bills payables at the balance sheet dates:

	30.6.2008	31.12.2007
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
0 - 30 days	**211,802**	343,219
31 - 60 days	**196,971**	214,752
61 - 90 days	**87,491**	73,473
Over 90 days	**92,087**	69,942
	588,351	701,386
Other payables, deposits and accrued charges	**463,369**	457,714
	1,051,720	1,159,100

Trade and other payables principally comprise amounts outstanding for trade purposes and ongoing costs. The analysis of bills payables is as follows:

	30.6.2008	31.12.2007
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Secured by pledged bank deposit	**12,054**	4,835
Unsecured	**12,053**	4,836
	24,107	9,671

14. SUBSEQUENT EVENT

In July 2008, the Group has further raised bank borrowings approximately RMB91 million to finance its operations and the amount is repayable 12 months after the drawdown date.

Management Discussion And Analysis

BUSINESS ENVIRONMENT

Economic growth in the PRC remained fast during the first half of 2008, logging a 10.4% increase in gross domestic products ("GDP") year-on-year. As a result of the GDP growth, consumption power increased continuously. The disposable income per capita of urban citizens and the total retail sales of consumer goods for the first half of 2008 recorded an year-on-year increase of 14.4% and 21.4% respectively. The Eastern China region where the Group operates is one of the most affluent and fastest-growing regions in the PRC. The management believes that the positive business environment provides great opportunity for the Group to further expand its business.

REVIEW OF OPERATIONS

In the first half of 2008, 4 hypermarkets occupying a total gross floor area ("GFA") of approximately 59,000 square meters were opened. As at 30 June 2008, the Group operated 62 stores including 45 hypermarkets and 17 supermarkets occupying a total GFA of approximately 725,000 square meters. This compares with 55 stores including 36 hypermarkets and 19 supermarkets occupying a total GFA of approximately 595,000 square meters as at 30 June 2007. The decrease in the number of supermarkets was due to the closure of 2 supermarkets. Such action is consistent with the Group's strategy of focusing on hypermarkets.

The first and second phases of construction of our distribution centre with total area of approximately 26,000 square meters were initially completed and are in operation now. At present, the distribution centre is just handling the delivery of merchandise to our supermarkets and will start to handle the delivery of merchandise to hypermarkets in the second half of next year.

REVIEW OF RESULTS

Revenue of the Group comprises primarily proceeds from merchandise sales and commissions from concessionaire sales. For the first half of 2008, the Group's unaudited consolidated revenue amounted to approximately RMB2,088.4 million, increased by 25.7% from approximately RMB1,661.6 million recorded for the corresponding period of 2007. The growth in revenue was mainly attributable to the increased number of stores and the overall growth in same store sales. For stores in full operation throughout the first half of 2007 and the first half of 2008, the average year-on-year same store sales growth was about 11.6%. For the six months ended 30 June 2008, total revenue attributable to hypermarkets increased to approximately RMB1,880.4 million from approximately RMB1,431.3 million for the same period of 2007 and that to supermarkets decreased to approximately RMB208.0 million from RMB230.3 million for the same period of 2007, mainly due to the closure of two supermarkets.

The Group recorded a gross profit of approximately RMB351.0 million for the six months ended 30 June 2008. This represents an increase of 25.4% over the gross profit of RMB279.9 million for the same period of 2007. Gross profit as a percentage of revenue for the first half of 2008 remained rather stable at 16.8% (first half of 2007: 16.8%).

Other income increased slightly by 7.7% to approximately RMB151.2 million in the period under review from approximately RMB140.4 million in the first half of 2007. Excluding the net exchange gain of approximately RMB11.2 million recorded in the first half of 2007 (first half of 2008: net exchange loss of RMB2.5 million), other income increased by 17.0%. The net exchange gain for the first half of 2007 was mainly attributable to the gain on translation of borrowings denominated in foreign currency which were fully settled in 2007. Increase in other income was mainly due to the 36.4% increase in rental income from leasing of shop premises in the first half of 2008 to approximately RMB68.5 million from approximately RMB50.2 million in the same period of 2007, reflecting the success of our business model of integrating “Shopping Street” in our hypermarkets and supermarkets. Rental income for the first half of 2008 covered 82.0% (first half of 2007: 73.8%) of the total operating lease rental expense of approximately RMB83.5 million.

The aggregate of selling and distribution costs plus administrative expenses was approximately RMB374.3 million for the first half of 2008. Such expenses as percentage of revenue was 17.9%, comparing favorably with that of 18.9% for the same period of 2007. This improvement was due to i) our effective cost control; and ii) relatively low rate of increase in operating lease rental due to the increase in self-owned operating properties.

As a result of debt reduction after the IPO, the finance costs of the Group decreased from approximately RMB12.0 million in the first half of 2007 to approximately RMB0.9 million in the first half of 2008.

Net profit attributable to the shareholders of the Company for the six months ended 30 June 2008 increased by 106.9% to approximately RMB89.3 million from approximately RMB43.2 million for the corresponding period in 2007. Net profit margin increased to 4.3% for the six months ended 30 June 2008 from 2.6% for the corresponding period in 2007. Even after adjusting for the effect of the non-recurring expenses of RMB21.6 million incurred for the IPO in the first half of 2007, the net profit still showed an impressive 37.8% growth. This is reflective of the Group’s improving operational efficiency.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2008 (first half of 2007: Nil).

CAPITAL EXPENDITURE

During the six months ended 30 June 2008, the Group spent approximately RMB82.9 million on additions to property, plant and equipment and also paid RMB198.7 million deposits for acquisition of property, plant and equipment and leasehold land for 5 stores in order to expand its retail network in the PRC. Such investments were financed by internal resources and the proceeds from IPO.

LIQUIDITY AND FINANCIAL RESOURCES

The Group finances its operations through internally generated cash flows and external financing including bank borrowings.

As at 30 June 2008, the Group had banking facilities amounting to RMB206.0 million of which approximately RMB55.0 million were utilized. Bank borrowings were all denominated in Renminbi, repayable within one year and carried interest at market rate of approximately 7.4%. The gearing ratio of the Group, calculated as a ratio of bank borrowings to total equity, was approximately 4.5% as at 30 June 2008 (31 December 2007: 2.6%). In July 2008, the Group has further raised bank borrowings approximately RMB91 million to finance its operations.

As at June 30 2008, the Group had net current liabilities of approximately RMB78.8 million (31 December 2007: net current assets of RMB118.7 million). Current ratio as at 30 June 2008 was approximately 0.93 (31 December 2007: 1.10). The Group monitors the liquidity risk carefully by considering cash flows from operations and available banking facilities. Net current liabilities position reflects effective management of working capital as the Group took advantage of longer suppliers' credit terms so that the requirement of working capital has been substantially reduced. As at 30 June 2008, the Group had bank balance and cash, mainly denominated in Renminbi, amounting to approximately RMB220.3 million (31 December 2007: RMB521.6 million).

Most of the Group's assets, liabilities and transactions are denominated in Renminbi. Foreign exchange risk arising from the normal course of operations is considered to be minimal.

FUTURE PLAN

The Group will continue to focus its business in the affluent and fast-growing Eastern China region of the PRC and accord with the organic expansion plan. In the first half of 2008, 4 hypermarkets occupying a total GFA of approximately 59,000 square meters were opened. The Group has also further confirmed sites for opening 17 additional hypermarkets, of which 6 will be opened in the second half of 2008. We are also actively seeking conductible opportunities of acquiring properties for use as our shop premises and seeking accretive acquisition opportunities to enhance our market share and to sustain our long-term growth objective if it is in the best interest of the Group and its shareholders as a whole.

CHARGES OF ASSETS

As at 30 June 2008, the Group pledged bank deposits of approximately RMB12.2 million as the security to the banking facilities granted. Except for the above, there were no significant charges or pledges on the Group's assets.

CONTINGENT LIABILITIES

As at 30 June 2008, the Group did not have any significant contingent liabilities.

EMPLOYMENT AND REMUNERATION POLICY

At 30 June 2008, the Group had 10,509 employees. The remuneration package for the Group's employees is structured by reference to market and industry practice. Discretionary bonuses and other performance rewards are based on the performance of individual employees. In addition, the Company has adopted a share option scheme under which our staff may be granted options entitling them to subscribe for shares in the Company. In reviewing salary remuneration packages in the future, share options may be granted to certain members of the management team.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the period.

REVIEW OF INTERIM REPORT

The Audit Committee has reviewed the Group's interim report for the six months ended 30 June 2008. The Audit Committee comprises all of the three independent non-executive directors, namely Mr Chan Wing Kee, Mr Ting Woo Shou, Kenneth and Mr Lau Yuen Sun, Adrian. The interim financial information has also been reviewed by Deloitte Touche Tohmatsu, independent auditor of the Company.

CORPORATE GOVERNANCE

Compliance with Code on Corporate Governance Practices

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the six months ended 30 June 2008.

Compliance with Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code")

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all directors of the Company, all directors have confirmed that they had complied with the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transactions during the six months ended 30 June 2008.

PUBLICATION OF INTERIM REPORT

The interim results announcement is published at the website of The Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) and the Company (http://www.timesltd.com.hk). The interim report will be dispatched to shareholders and will be available at the website of The Hong Kong Exchanges and Clearing Limited and the Company in due course.

By order of the Board
Times Ltd.
Lau Siu Ki, Kevin
Company Secretary

Hong Kong, 8 September 2008

As at the date of this announcement, the executive directors of the Company are Mr Fang Hung, Kenneth, Mr Gao Chunhe, Mr Fang Yan Tak, Douglas and Mr Wong See Leung; and the independent non-executive directors of the Company are Mr Chan Wing Kee, Mr Ting Woo Shou, Kenneth and Mr Lau Yuen Sun, Adrian.

* *For identification only*