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 2009

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 2009 as follows:

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2009

	NOTES	Six months ended 30.6.2009 RMB'000 (unaudited)	30.6.2008 RMB'000 (unaudited)
Revenue	3	**2,148,084**	2,088,394
Cost of sales		**(1,806,832)**	(1,737,413)
Gross profit		**341,252**	350,981
Other income	5	**202,351**	151,186
Selling and distribution costs		**(383,519)**	(327,116)
Administrative expenses		**(44,312)**	(47,224)
Finance costs		**(4,062)**	(870)
Profit before taxation		**111,710**	126,957
Taxation	6	**(34,169)**	(37,658)
Profit for the period and total comprehensive income for the period	7	**77,541**	89,299
Earnings per share			
Basic (RMB)	8	**0.089**	0.102

Condensed Consolidated Statement of Financial Position

At 30 June 2009

	NOTES	30.6.2009 RMB'000 (unaudited)	31.12.2008 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	10	**1,151,678**	1,011,006
Prepaid lease payments		**408,192**	315,953
Prepaid lease rentals		**149,500**	169,058
Deposits for acquisition of property, plant and equipment and leasehold land		**69,667**	204,738
Deferred tax assets		**8,674**	9,355
		1,787,711	1,710,110
Current assets			
Inventories		**548,718**	741,770
Trade and other receivables	11	**204,276**	172,090
Prepaid lease payments		**10,867**	8,989
Prepaid lease rentals		**142,282**	97,289
Pledged bank deposits		**12,161**	12,026
Bank balances and cash		**372,397**	405,214
		1,290,701	1,437,378
Current liabilities			
Trade and other payables	12	**1,270,509**	1,525,678
Tax liabilities		**15,976**	14,240
Bank borrowings		**431,021**	283,733
		1,717,506	1,823,651
Net current liabilities		**(426,805)**	(386,273)
Total assets less current liabilities		**1,360,906**	1,323,837
Capital and reserves			
Share capital		**8,478**	8,478
Reserves		**1,299,174**	1,263,211
Total equity		**1,307,652**	1,271,689
Non-current liabilities			
Bank borrowings		**50,000**	50,000
Deferred tax liability		**3,254**	2,148
		53,254	52,148
		1,360,906	1,323,837

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. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost convention.

In current period, the Group has applied a number of new or revised standards, amendments and interpretations that are effective for the financial year beginning on 1 January 2009. Except as described below, the same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2008.

<u>HKFRS 8 Operating segments</u>

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments (see note 4) and has had no impact on the reported results or financial position of the Group.

<u>HKAS 1 (revised 2007) Presentation of financial statements</u>

HKAS 1 (revised 2007) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (revised 2007) has had no impact on the reported results or financial position of the Group.

<u>HKAS 23 (Revised) Borrowing costs</u>

HKAS 23 (Revised) removes the option to expense borrowing costs as incurred and requires capitalisation of borrowing costs attributable to the acquisition, construction or production of a qualifying asset. As the Group expensed all borrowing costs as incurred in prior periods, the revised standard has resulted a change in the Group's accounting policy in current interim period. In accordance with the transitional provisions in the revised standard, the Group applies the revised standard on a prospective basis to capitalise approximately RMB4,272,000 borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009. Had the previous accounting policy been applied, the borrowing costs would have been expensed. Therefore, the change in accounting policy has resulted in an increase in the profit for the period of approximately RMB4,272,000.

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements[1]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised 2008)	Business Combinations[1]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC)-Int 18	Transfers of Assets from Customers[4]

[1] Effective for annual periods beginning on or after 1 July 2009.
[2] Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
[3] Effective for annual periods beginning on or after 1 January 2010.
[4] Effective for transfers on or after 1 July 2009.

The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in loss of control of the subsidiary. Changes in the Group's ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions. The directors of the Company anticipate that the application of other new or 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 service income, less sales tax during the periods. An analysis of the Group's revenue for the period is as follows:

	Six months ended	
	30.6.2009	30.6.2008
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Sales of merchandise	**2,096,577**	2,036,780
Commissions from concessionaire sales (*Note*)	**51,507**	51,614
	2,148,084	2,088,394

Note:

The commissions from concessionaire sales are analysed below:

Gross proceeds received from concessionaire sales	**394,453**	387,427
Commissions from concessionaire sales	**51,507**	51,614

4. SEGMENT INFORMATION

HKFRS 8 "Operating Segments", with effect from 1 January 2009, requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Group's executive directors are the chief operating decision makers as they collectively make strategic decisions towards the Group's operation. In contrast, the predecessor standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segment (business and geographical), using a risks and rewards approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments.

No segmental analysis was presented in prior years as the Group is principally engaged in the retail business through the operation of retail stores in the PRC and nearly all identifiable assets of the Group are located in the PRC.

For the purpose of resources allocation and performance assessment, the Group's executive directors review operating results and financial information on a store by store basis. Each store is identified as an operating segment in accordance with HKFRS 8. As each store is operating in similar business model, selling similar products and subject to a similar target group of customers, the Group's operating segments are aggregated into a single reportable segment and accordingly no separate segment information is presented.

5. OTHER INCOME

	Six months ended	
	30.6.2009	30.6.2008
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Rental income from leasing of shop premises	**80,585**	68,488
Government subsidies (*Note*)	**1,435**	2,976
Promotion income	**108,988**	71,416
Interest income on bank deposits	**7,187**	5,801
Indemnity income	**415**	413
Others	**3,741**	2,092
	202,351	151,186

Note: The amounts represent subsidies received from the PRC government 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. TAXATION

	Six months ended	
	30.6.2009	30.6.2008
	RMB'000	RMB'000
	(unaudited)	(unaudited)
The charge comprises:		
PRC Enterprise Income Tax - current taxation	**32,382**	35,327
Deferred tax charge - current period	**1,787**	2,331
	34,169	37,658

PRC Enterprise Income Tax is calculated at a tax rate of 25%, which is the prevailing tax rate in the PRC, for the current and prior periods.

7. PROFIT FOR THE PERIOD

	Six months ended	
	30.6.2009	30.6.2008
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	**47,047**	34,767
Operating lease rentals in respect of rented land and premises	**97,244**	83,475
Prepaid lease payments charged to profit and loss	**4,526**	3,768
Loss on disposal of property, plant and equipment	**650**	172
Staff costs including directors' remuneration	**131,642**	107,370
Net exchange loss	**137**	2,527

8. EARNINGS PER SHARE

The calculation of the basic earnings per share for each of the period ended 30 June 2009 and 2008 is based on the condensed consolidated profit for the respective periods and on the basis of 873,990,000 shares of the Company in issue during the both periods.

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

9. DIVIDENDS

	Six months ended	
	30.6.2009	30.6.2008
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Dividend recognised as distribution and paid during the periods:		
2008 final dividend paid - HK5.4 cents per ordinary share (equivalent to RMB4.75 cents)	**41,578**	-
2007 final dividend paid - HK3.18 cents per ordinary share (equivalent to RMB2.98 cents)	**-**	26,045
	41,578	26,045

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: nil).

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB51,300,000 (six months ended 30 June 2008: RMB82,900,000) on additions to property, plant and equipment, for the purpose of expanding its retail networks in the PRC.

In addition, the Group disposed of certain plant and equipment with a carrying amount of RMB1,013,000 (six months ended 30 June 2008: RMB242,000) for proceeds of RMB363,000 (six months ended 30 June 2008: RMB70,000), resulting in a net loss on disposal of RMB650,000 (six months ended 30 June 2008: RMB172,000).

11. 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 end of the reporting periods:

	30.6.2009	31.12.2008
	RMB'000	RMB'000
	(unaudited)	(audited)
0 - 30 days	**12,342**	7,806
31 - 60 days	**2,944**	734
61 - 90 days	**200**	-
Over 90 days	**50**	69
Total trade receivables	**15,536**	8,609
Prepayments, deposits and other receivables	**188,740**	163,481
Total trade and other receivables	**204,276**	172,090

12. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade and bills payables at the end of the reporting periods:

	30.6.2009	31.12.2008
	RMB'000	RMB'000
	(unaudited)	(audited)
0 - 30 days	**291,330**	416,365
31 - 60 days	**174,826**	225,051
61 - 90 days	**61,632**	82,502
Over 90 days	**91,215**	95,213
Total trade and bills payables	**619,003**	819,131
Other payables, deposits and accrued charges	**651,506**	706,547
Total trade and other payables	**1,270,509**	1,525,678

Trade and other payables principally comprise amounts outstanding for trade purposes and ongoing costs.

Management Discussion And Analysis

BUSINESS ENVIRONMENT

The financial crisis set off in 2008 continued to adversely impact on various economic entities in the first half of 2009. The PRC Gross Domestic Product (the "GDP") growth in the first half of 2009 was 7.1%, representing a 3.3 percentage point decrease, compared to the 10.4% growth in the first half of 2008. Consumer price Index (the "CPI") showed a 1.1% decrease in the first half of 2009. The retail sector in the PRC was inevitably adversely affected by the tough economic situation. Consumer Confidence Index (the "CCI") dropped 25 points to 89 from 114 for the same period of 2008.

Business of hypermarkets and supermarkets was further hit by the plummeted prices of fresh food and groceries. As with other operators in the same industry, we saw a slowdown of revenue growth and a scale-back of profit margin in the first half of 2009. However, it is obvious that the under-performance of our Group (and other hypermarket / supermarket operators) in the first half of 2009 was due to circumstantial rather than structural factors.

We are encouraged to notice signs showing the economy in the PRC is recovering. Various economic stimulus measures start to take effect and consumer confidence is being restored. We remain optimistic on our business in the long run.

REVIEW OF OPERATIONS

In the first half of 2009, two hypermarkets occupying a total gross floor area ("GFA") of approximately 52,000 square meters were opened and one hypermarket was closed for re-development. In addition, the re-modelling of 8 stores was completed. As at 30 June 2009, the Group operated 66 stores including 53 hypermarkets and 13 supermarkets occupying a total GFA of approximately 903,000 square meters. This compares with 62 stores including 45 hypermarkets and 17 supermarkets occupying a total GFA of approximately 725,000 square meters as at 30 June 2008. The decrease in the number of supermarkets was due to the closure of 4 supermarkets. Such action is consistent with the Group's strategy of focusing on hypermarkets.

Our new distribution centre set up on a piece of self-owned land of 40,000 square meters has commenced operation on a trial basis to service all stores including hypermarkets since July 2009. This new distribution centre will gradually make contribution to operation and finance.

REVIEW OF RESULTS

For the first half of 2009, the Group's unaudited consolidated revenue amounted to approximately RMB2,148.1 million, increased by 2.9% from approximately RMB2,088.4 million recorded for the corresponding period of 2008. The growth in revenue was mainly attributable to the increased number of stores. For stores in full operation throughout the first half of 2008 and the first half of 2009, the average year-on-year same store sales recorded a negative growth at about -7.7%.

The Group's gross profit decreased slightly by 2.8% to RMB341.3 million from RMB351.0 million for the same period of 2008. Gross profit as a percentage of revenue decreased 0.9 percentage point to 15.9% (first half of 2008: 16.8%). This was mainly due to our much intensive and frequent promotion activities during this period to attract customer flow in the difficult economical environment.

Other income increased by 33.8% to approximately RMB202.4 million from approximately RMB151.2 million in the first half of 2008. Increase in other income was mainly due to (i) the 52.6% increase in promotion income to approximately RMB109.0 million from approximately RMB71.4 million in the same period of 2008; and (ii) the 17.7% increase in rental income from leasing of shop premises to approximately RMB80.6 million from approximately RMB68.5 million in the same period of 2008. The increase in promotion income was a result of our more intensive and frequent promotion activities. The continual increase in rental income reflects the success of our business model of integrating "Shopping Street" in our hypermarkets and supermarkets. Rental income for the first half of 2009 covered 82.9% (first half of 2008: 82.0%) of the total operating lease rental expense of approximately RMB97.2 million.

The selling and distribution costs increased by 17.2% to approximately RMB383.5 million from RMB327.1 million for the same period of 2008, which was in line with the increased number of hypermarkets. Attributing to our cost control, administration cost dropped to approximately RMB44.3 million from approximately RMB47.2 million for the same period of 2008.

With continued efforts and commitments, we managed to maintain the earnings before interest, tax, depreciation and amortisation at RMB160.2 million (first half of 2008: RMB160.6 million). Net profit attributable to the shareholders of the Company decreased by 13.2% to approximately RMB77.5 million from RMB89.3 million for the same period of 2008.

FUTURE PLAN

The Group's business will continue to focus on in the affluent second and third tier cities in Eastern China with high growth potentials to achieve organic expansion in these regions. The Group has also further confirmed sites for opening 17 additional hypermarkets, of which 6 are expected to be opened in late 2009. We are also actively seeking opportunities of acquiring properties as our shop premises as well as other acquisition opportunities to enhance our market share and to sustain our long-term growth objective in the best interest of the Group and its shareholders.

At the time of network expansion, the management team and staff of the Group will be fully devoted to further improve distribution efficiency by optimising the operation of our distribution center, upgrade product mix and enhance cost control in order to maximise operation efficiency.

OUTLOOK

Our outlook on both the economy of China and our business is positive. While the global economic uncertainties may last for a while, we see many positive indicators and believe that the situation is turning around. The economic stimulus measures introduced by the PRC government at the end of 2008 to boost domestic demand, drive economic growth and to improve the living standards and purchasing power of peasants start to take effect. Furthermore, on 10 June 2009, the executive meeting of the State Council confirmed in general terms the "Development plan for Jiangsu coastal area". The plan will accelerate the development of Jiangsu coastal area, especially the central cities of Lianyungang, Yancheng and Nantong. As an operator with more than 78% and 27% of its retail stores located in Jiangsu and the three coastal cities respectively, we believe that the plan will offer a growth opportunity.

We also believe that the strong economic growth in the PRC driven by domestic consumption demand and disposable income growth will continue to provide a positive retail environment in the long term. The Group will stay on-course with organic expansion plan by extending our hypermarket network and actively seeking merger and acquisition opportunities to enhance our market share and to sustain our long-term growth objective.

Looking ahead, we will inevitably face competition and other challenges. However, we are confident that with the Group's solid market positioning, focus on second and third tier cities, dynamic expansion plan and our relentless effort to enhance the operation efficiency, Times will continue to deliver outstanding value to its shareholders.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2009 (first half of 2008: nil).

CAPITAL EXPENDITURE

During the six months ended 30 June 2009, the Group spent approximately RMB51.3 million (first half of 2008: RMB82.9 million) on additions to property, plant and equipment and also paid RMB43.7 million (first half of 2008: RMB198.7 million) deposits for acquisition of property, plant and equipment and leasehold land in order to expand its retail network in the PRC.

In addition, the Group also acquired the entire interests in two companies established in the PRC for a total consideration of approximately RMB71.0 million. The major assets acquired were prepaid lease payments on leasehold land located in the PRC and bank balances.

LIQUIDITY AND FINANCIAL RESOURCES

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

The net cash from operating activities for the six months ended 30 June 2009 was approximately RMB11.1 million compared to the net cash used in operating activities of RMB16.4 million for the same period of last year.

As at 30 June 2009, the Group had bank balances and cash, mainly denominated in Renminbi, amounting to approximately RMB372.4 million (31 December 2008: RMB405.2 million). Bank borrowings amounted to approximately RMB481.0 million (31 December 2008: RMB333.7 million) carry prevailing market interest rates ranging from 1.96% to 6.14% per annum. Of the bank borrowings, RMB431.0 million is repayable within one year and the balance of RMB50.0 million is repayable between two and three years. Moreover, approximately RMB104.0 million is denominated in Hong Kong dollar.

The gearing ratio, calculated as a ratio of bank borrowings to total equity, and current ratio as at 30 June 2009 were approximately 36.8% (31 December 2008: 26.2%) and 0.75 (31 December 2008: 0.79) respectively.

As at 30 June 2009, the Group had available unutilised overdraft and short-term bank loan facilities of approximately RMB164.8 million (31 December 2008: RMB98.0 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.

CHARGES OF ASSETS

As at 30 June 2009, the Group pledged bank deposits of approximately RMB12.2 million (31 December 2008: RMB12.0 million) as the security for bills payable. Except for the above, there were no significant charges or pledges on the Group's assets.

CONTINGENT LIABILITIES

As at 30 June 2009, the Group did not have any significant contingent liabilities.

EMPLOYMENT AND REMUNERATION POLICY

At 30 June 2009, the Group had 12,635 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 2009. 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 2009.

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 2009.

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, 15 September 2009

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 purpose only*