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: 00312)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

HIGHLIGHTS OF INTERIM RESULTS:

- **Total gross sales proceeds[1] increased by 15.1% to RMB1,153.4 million**
- **Same store sales[2] ("SSS") growth increased to 10.2%**
- **Turnover increased by 14.5% to RMB713.8 million**
- **Profit attributable to the equity shareholders of the Company increased by 5.3% to RMB94.9 million**
- **Basic earnings per share was RMB0.04**
- **Declared an interim dividend of RMB1.33 cents per Share totalling of RMB33.25 million**

Notes:

1. Total gross sales proceeds represent the sum of revenue from direct sales, the total sales proceeds from the concessionaire sales within the Group's department stores and reversal of deferred income in respect of long-aged unredeemed pre-paid gift cards.

2. Same store refers to the stores which have been in operation throughout the entire comparative period.

I. INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

The board (the "**Board**") of directors (the "**Directors**") of Shirble Department Store Holdings (China) Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2011, together with the audited comparative figures for the corresponding period in 2010. The unaudited consolidated interim results have not been audited, but have been reviewed by the auditors of the Company, KPMG, and the audit committee of the Company (the "**Audit Committee**").

II. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30 June	
		2011	2010
	Note	***RMB'000***	*RMB'000*
		(unaudited)	(audited)
Turnover	*3*	**713,845**	623,363
Other operating revenue	*4*	**75,163**	68,446
Other net income	*4*	**701**	799
Purchases of and changes in inventories	*5 (c)*	**(488,687)**	(431,357)
Personnel costs	*5 (b)*	**(58,527)**	(45,672)
Depreciation	*5 (c)*	**(18,759)**	(15,234)
Operating lease rental expense	*5 (c)*	**(59,519)**	(53,651)
Other expenses		**(49,904)**	(33,953)
Profit from operations		**114,313**	112,741
Finance income		**11,745**	3,841
Finance costs		**(764)**	(929)
Net finance income	*5(a)*	**10,981**	2,912
Profit before tax	*5*	**125,294**	115,653
Income tax expense	*6*	**(30,403)**	(25,573)
Profit for the period, attributable to equity shareholders of the Company		**94,891**	90,080
Earnings per share (expressed in RMB per share)	*8*		
– Basic		**0.04**	0.05
– Diluted		**0.04**	0.05

II. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Profit for the period	**94,891**	90,080
Other comprehensive income		
Exchange differences on translation of financial statements of overseas subsidiaries	**90**	–
Total comprehensive income for the period, attributable to the equity shareholders of the Company	**94,981**	90,080

III. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**As at 30 June 2011** *RMB'000* **(unaudited)**	As at 31 December 2010 *RMB'000* (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**222,328**	232,978
Deferred tax assets		**41,502**	36,243
		263,830	269,221
CURRENT ASSETS			
Inventories		**203,688**	215,538
Trade and other receivables	*9*	**358,574**	151,587
Held-for-maturity investments		**–**	85,093
Cash and cash equivalents		**1,882,427**	1,735,974
		2,444,689	2,188,192
CURRENT LIABILITIES			
Trade and other payables	*10*	**808,875**	893,569
Interest-bearing borrowings		**249,486**	–
Income tax payable		**32,633**	30,757
		1,090,994	924,326
NET CURRENT ASSETS		**1,353,695**	1,263,866
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,617,525**	1,533,087
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**1,750**	2,043
		1,750	2,043
NET ASSETS		**1,615,775**	1,531,044
CAPITAL AND RESERVES			
Share capital		**214,318**	214,318
Reserves		**1,401,457**	1,316,726
TOTAL EQUITY		**1,615,775**	1,531,044

IV. NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 5 November 2008 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares (the "**Shares**") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 17 November 2010.

The Group is principally engaged in the operation of department stores in the People's Republic of China (the "**PRC**").

2. REORGANISATION AND BASIS OF PREPARATION

Pursuant to a reorganisation (the "**Reorganisation**") to rationalise the Group's structure in preparation for the listing of the Shares on the Stock Exchange, the Company became the holding company of the subsidiaries now comprising the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 5 November 2010 (the "**Prospectus**"). The Shares were listed on the Main Board of the Stock Exchange on 17 November 2010.

Since all entities which took part in the Reorganisation were under common control of a group of ultimate shareholders, the Group is regarded as a continuing entity resulting from the Reorganisation of entities under common control. The unaudited interim financial statements for the six months ended 30 June 2011 have been prepared on the basis that the current group structure had been in existence at the beginning of the earliest period presented. Accordingly, the consolidated results of the Group for the six months ended 30 June 2010 and 2011 include the results of the Company and its subsidiaries with effect from 1 January 2010 or, if later, since their respective dates of incorporation as if the current structure of the Group had been in existence throughout the two periods presented. All material intra-group transactions and balances have been eliminated on consolidation.

The condensed consolidated financial statements for the six months ended 30 June 2011 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2010.

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.

3. TURNOVER

Turnover mainly represents direct sales, commission from concessionaire sales and rental income. The amount of each significant category of revenue recognised is as follows:

		For the six months ended 30 June	
		2011	2010
	Note	***RMB'000***	*RMB'000*
		(unaudited)	(audited)
Direct sales		**571,772**	503,003
Commission from concessionaire sales		**98,746**	102,661
Rental income	*(i)*	**22,076**	17,699
Others		**21,251**	–
		713,845	623,363

(i) The rental income from the leasing of shop premises is analysed as follows:

	For the six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Sublease rental income	**18,249**	15,403
Contingent rental income	**3,827**	2,296
	22,076	17,699

4. OTHER OPERATING REVENUE AND OTHER NET INCOME

	For the six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Other operating revenue		
Advertisement and promotion income	**64,208**	62,256
Credit card handling income	**10,271**	5,874
Others	**684**	316
	75,163	68,446

	For the six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Other net income		
Net (loss)/gain on disposal of property, plant and equipment	**(23)**	14
Others	**724**	785
	701	799

5. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

(a) Net finance income

	For the six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Net gain on disposal of held-for-trading investments	**–**	(155)
Interest income	**(11,745)**	(3,686)
Finance income	**(11,745)**	(3,841)
Interest expenses	**764**	929
Finance costs	**764**	929
Net finance income	**(10,981)**	(2,912)

(b) Personnel costs

	For the six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Wages, salaries, and other benefits	**56,040**	43,787
Contribution to defined contribution plans	**2,487**	1,885
	58,527	45,672

(c) Other items

	For the six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Purchase of and changes in inventories	**488,687**	431,357
Depreciation	**18,759**	15,234
Operating lease rental expense	**59,519**	53,651

6. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Current tax expense		
Provision for the period	**34,934**	29,779
Deferred tax expense		
Origination and reversal of temporary differences	**(4,531)**	(4,206)
	30,403	25,573

(i) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

(ii) No provision for Hong Kong Profits Tax was made for the subsidiaries incorporated in Hong Kong as these subsidiaries did not have assessable profits subject to Hong Kong Profits Tax during the period. The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.

(iii) The applicable income tax rates for PRC subsidiaries in 2011 were ranged from 24% to 25% (2010: 22% to 25%).

(iv) Pursuant to the New Tax Law in the PRC, 10% withholding tax is levied on foreign investors (5% for foreign investors who are registered in Hong Kong provided they meet certain criteria) in respect of dividend distributions arising from a foreign investment enterprise's profit earned after 1 January 2008. As of 30 June 2011, deferred tax liabilities of RMB1,750,000 (31 December 2010: RMB2,043,000) have been recognised in respect of the tax that would be payable on the distribution of the retained profits of the Group's PRC subsidiaries.

7. DIVIDENDS

(i) Pursuant to the Shareholders' approval at the Annual General Meeting on 25 May 2011, a final dividend of RMB0.41 cents per Share totalling RMB10,250,000 in respect of the year ended 31 December 2010 was declared. Such dividend was fully paid.

(ii) Pursuant to a resolution passed at the board of directors' meeting on 17 June 2010 and 17 September 2010, dividends of RMB30,000,000 and RMB10,000,000 were declared by the Company to its Shareholders. Such dividends were fully paid.

(iii) The interim dividend declared after the interim period end has not been recognised as a liability at the reporting date.

8. EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE COMPANY

The calculation of basic earnings per Share is based on the profit attributable to equity shareholders of the Company for the six months ended 30 June 2011 of RMB94,891,000 (six months ended 30 June 2010: RMB90,080,000) and the weighted average of 2,500,000,000 (six months ended 30 June 2010: 1,875,000,000) Shares deemed to have been in issue during the period.

The weighted average number of Shares in issue during the six months ended 30 June 2010 was based on the assumption that the 1,875,000,000 Shares before the listing of Shares on the Stock Exchange were in issue, as if such shares had been outstanding through six months ended 30 June 2010.

There was no dilutive potential ordinary share for the six months ended 30 June 2011 and 2010, and therefore, the basic and diluted earnings per share are the same.

9. TRADE AND OTHER RECEIVABLES

	As at 30 June 2011 *RMB'000* **(unaudited)**	As at 31 December 2010 *RMB'000* (audited)
Trade receivables	**8,406**	4,107
Prepayments in connection with construction work and acquisition of property, plant and equipments	**248,642**	80,903
Deposits and other prepayments	**79,080**	46,667
Other receivables	**16,606**	19,910
Amounts due from related parties	**5,840**	–
	358,574	151,587

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

An ageing analysis of trade receivables of the Group is as follows:

	As at 30 June 2011 *RMB'000* **(unaudited)**	As at 31 December 2010 *RMB'000* (audited)
Within one month	**8,406**	4,107

10. TRADE AND OTHER PAYABLES

	As at 30 June 2011 *RMB'000* (unaudited)	As at 31 December 2010 *RMB'000* (audited)
Advances received from customers	**331,530**	389,859
Trade and bills payables	**259,963**	278,054
Rental payables	**95,824**	86,959
Other taxes payables	**49,221**	49,213
Deferred income	**26,034**	24,834
Accrued wages and salaries	**6,109**	12,888
Amounts due to related parties	**736**	5,480
Other payables and accruals	**39,458**	46,282
	808,875	893,569

An ageing analysis of trade and bills payables of the Group is as follows:

	As at 30 June 2011 *RMB'000* (unaudited)	As at 31 December 2010 *RMB'000* (audited)
Within three months	**165,516**	220,866
Over three months but within one year	**69,151**	44,244
Over one year	**25,296**	12,944
	259,963	278,054

11. CAPITAL COMMITMENT

As at 30 June 2011, the total amount of the Group's capital expenditure commitments was RMB322,624,000 (as at 31 December 2010: RMB177,894,000).

V. MANAGEMENT DISCUSSION AND ANALYSIS

MARKET AND BUSINESS REVIEW

Overview

The PRC economy continued to maintain a steady growth during the first half of 2011 with a year-on-year growth in the gross domestic product of 9.6%. The per capita disposable income of urban residents in China amounted to RMB11,041 which represents a year-on-year growth of 13.2%. Total retail sales of consumer goods in China were RMB8,583.3 billion which represents a year-on-year growth of 16.8%. Without taking account of the effect of inflation, the PRC domestic consumption expanded at the real rate of 10.9%.

In the first half of 2011, the Group's total gross sales proceeds recorded a stable growth of 15.1% with SSS growth of 10.2% reaching RMB1,153.4 million. Turnover increased by 14.5% to RMB713.8 million and profit attributable to equity shareholders of the Company increased by 5.3% to RMB94.9 million.

Increase in the number of stores

In November 2010, the Group entered into two lease agreements in relation to two stores with an aggregate gross floor area ("**GFA**") of 72,800 sq. m. in Humen Town, Dongguan, Guangdong Province. One of the stores is expected to be a shopping mall and the other will be a department store. The two stores are expected to commence business operations in 2011 or early 2012.

In May 2011, the Group entered into an agreement to acquire a property in Bao'an District, Shenzhen for cash consideration of RMB262.5 million. The property is currently under development and is expected to have 35,000 sq. m., which will be completed and transferred to the Group in 2013. The Group plans to open a new department store in 2013 within the three-storey property located in the prosperous commercial district. This prime location is easily accessible via a public transportation network, facilitating shopping convenience, and offering development potential for the department store business.

In June 2011, the Group expanded its department store network through the acquisition of operating rights of two department stores in Dongguan for cash consideration of RMB29.0 million. The operating rights of these two department stores will be transferred to the Group before the end of October 2011. The total GFA of these stores is 17,600 sq. m. and they are expected to commence business operation by the end of 2011. The two newly acquired stores are popular among high-spending shoppers as they are located at the centre of Dongguan next to the highway transportation hub of Dongguan. The opening of these department stores enables the Group to capture the growth potential in one of the fast-growing cities in Southeastern China.

As at 30 June 2011, the Group has a total of 13 department stores in operation, including 11 stores within Shenzhen, one in Shanwei and one in Changsha. The total GFA of the 13 stores is 208,684 sq. m., representing an increase of 31.5% as compared to the same period in the last year. In addition to the four department stores which are to be open by the end of 2011, the Group would have a total of 17 department stores with an aggregate GFA of 299,084 sq. m., representing a growth of 43.3% as compared with the same in 2010.

Private label products

The Group has introduced its private label products since 2010 and has added a wider range of products in 2011. Sales of these branded products record a stable growth in the first half of 2011. The Group plans to expand its private label merchandise for the purpose of increasing the Group's profitability and market penetration.

Renovation and reconstruction work around the existing stores

The Group commenced its first stage renovation plan in the first half of 2011, focusing mainly on the enhancement of ancillary facilities of the existing stores. The Group will continue the renovation plan of older stores for the purpose of increasing the brand awareness and enhancing the shopping experiences. Together with the completion of traffic construction/improvement works nearby certain department stores earlier this year, the Directors expect that the pedestrian traffic and the level of spending of customers visiting these department stores will increase.

Enhancement of VIP programme

During the first half of 2011, the Group continued to enhance its VIP customer programme through enhancement of services and the promotional and marketing activities in order to reinforce customers' loyalty and expand the customer base. In the rest of 2011, the target audiences of marketing activities are those corporate enterprises and consumers with high consumption power. The Directors believe that the implementation of new computerised system could provide a platform to enhance our interaction with the VIP customers. As at 30 June 2011, the Group has approximately 636,000 VIP customers, representing an increase from approximately 500,000 customers as at 31 December 2010. The sales from these VIP customers accounted for 67.8% of the Group's total gross sales proceeds.

OUTLOOK

In respect of the second half of 2011, the Directors are optimistic about the PRC's economic development and believe that the PRC government will continue to promote the domestic consumption which could further drive the growth of the retail market in China.

Expansion into second- to third-tier cities in Guangdong and Hunan Provinces

The Group targets to open four department stores in 2011 and four to five department stores in 2012 with a total GFA of 400,000 sq. m.. In view of the market potential in second- to third-tier cities in Guangdong and Hunan Provinces and leveraging the brand awareness of the existing stores in Shenzhen, the Group intends to establish a network of department stores in these regions. To achieve the 2011 sales target, the Group has already secured four locations in Dongguan for department stores to be open by the end of 2011. In the near future, the Group will continue its strategy to expand into the neighboring regions in Guangdong and Hunan Provinces in order to strengthen its leading position in the area.

Upgrade of the information technology system

The Group has already commenced the upgrade of the information technology system and the first stage of which includes the basic infrastructure, enhancement of finance and business intelligence modules and the point-of-sale management functions is expected to be completed by the end of 2011. The Directors believe that the overall operational efficiency and management control will be improved and thus strengthen the competitive advantages of the Group.

Enhancement of the distribution network and 1ogistics system

The Group will enhance its distribution capability and services by the construction of a new distribution centre in Shenzhen, which is expected to commence business operations by the end of 2012. The new distribution centre will help to improve the inventory management and control systems which will increase the operational efficiency of the Group.

New business development and potential merger and acquisition opportunities

The Group will continue to explore new business opportunities by opening new department stores or supermarkets. The Group will also continue to identify potential acquisition opportunities to further advance its footprint in the PRC, as well as to search for appropriate investment opportunities that will provide synergy to the existing business.

VI. FINANCIAL REVIEW

Total gross sales proceeds

The Group's total gross sales proceeds (representing the sum of revenue from direct sales, the total sales proceeds from concessionaire sales within the department stores and reversal of deferred income in respect of long-aged unredeemed pre-paid gift cards which Directors considered the likelihood of redemption was remote) grew to RMB1,153.4 million, representing an increase of 15.1% from RMB1,001.9 million during the same period of 2010. The increase was mainly attributable to the SSS growth of 10.2%, recognition of proceeds of RMB21.3 million from pre-paid gift cards which Directors consider the likelihood of redemption for such pre-paid gift cards was remote and the sales derived from Shajing and Minzhi stores opened in August and December 2010, respectively.

SSS growth increased to 10.2% for the first half of 2011 as compared to the growth of 4.8% recorded during the same period of 2010, principally attributable to the sales growth driven by Longzhu, Longgang and Changsha stores with the increased brand recognition and the strong pedestrian flow into these stores.

Revenue from direct sales amounted to RMB571.8 million, while total sales proceeds from concessionaire sales amounted to RMB560.3 million, accounting for 49.6% and 48.6%, respectively, of the Group's total gross sales proceeds.

The following table sets out the Group's total gross sales proceeds derived from the broad categories by which the Group manages its merchandise:

	For the six months ended 30 June			
	2011		2010	
	RMB'million	*%*	*RMB'million*	*%*
	(unaudited)		(audited)	
Electronics and home appliances	**126.3**	**10.9**	130.2	13.0
Clothes, apparel and bedding	**295.3**	**25.6**	282.6	28.2
Children's goods	**33.0**	**2.9**	29.4	2.9
Sporting and stationery goods	**32.6**	**2.8**	30.0	3.0
Food and beverages	**473.6**	**41.1**	391.3	39.1
Daily necessities and cosmetic goods	**171.3**	**14.9**	138.4	13.8
Others	**21.3**	**1.8**	–	–
	1,153.4	**100.0**	1,001.9	100.0

Turnover

The Group's turnover amounted to RMB713.8 million, representing an increase of 14.5% as compared to RMB623.4 million during the same period of 2010. The increase was primarily due to the growth in turnover generated from the direct sales and reversal of deferred income in respect of long-aged pre-paid gift cards for which Directors considered the likelihood of redemption was remote.

Direct sales increased by 13.7% to RMB571.8 million in the first half of 2011 from RMB503.0 million during the same period of 2010, principally due to the opening of Shajing and Minzhi stores in the second half of 2010, as well as the satisfactory growth in the sales generated from Longzhu, Longgang and Changsha stores with stronger customers' flow from the residents of newly constructed residential apartments. Direct sales as a percentage of the Group's total turnover was 80.1% in the first half of 2011 as compared to 80.7% in the same period of 2010.

Commission from concessionaire sales decreased by 3.8% to RMB98.7 million in the first half of 2011 from RMB102.7 million in the same period of 2010, mainly due to lower commission rates for concessionaire sales of the Shajing and Minzhi stores opened in the second half of 2010. The commission rate of concessionaire sales was 17.6% as compared to 20.6% in the same period of 2010. Commission from concessionaire sales as a percentage of the Group's total turnover was 13.8% in the first half of 2011 as compared to 16.5% in the same period of 2010.

Rental income increased by 24.7% to RMB22.1 million in the first half of 2011 from RMB17.7 million in the same period of 2010, mainly due to the contribution by Shajing and Minzhi stores which opened in the second half of 2010 in which the portion of the sublease rental area is relatively high and the increase in the sublease rental income from Longgang store through improvement in the lease terms for new tenants in the first half of 2011. Rental income as a percentage of the Group's total turnover was 3.1% as compared to 2.8% in the same period of 2010.

Others represented the reversal of deferred income in respect of long-aged pre-paid gift cards of RMB21.3 million for which Directors considered the likelihood of redemption was remote.

Other operating revenue

Other operating revenue increased by 9.8% to RMB75.2 million in the first half of 2011 from RMB68.4 million in the same period of 2010, mainly due to the increase in advertisement and promotional income which is proportionate to the increase in sales.

Other net income

Other net income decreased by 12.3% to RMB0.7 million in the first half of 2011 from RMB0.8 million in the same period of 2010.

Purchases of and changes in inventories

Purchase of and changes in inventories amounted to RMB488.7 million in the first half of 2011, representing an increase of 13.3% as compared to RMB431.4 million in the same period of 2010, which is consistent with the increase in the turnover from direct sales.

As a percentage of turnover from direct sales, purchases of and changes in inventories was 85.5% in the first half of 2011 as compared to 85.8% in the same period of 2010.

Personnel costs

Personnel costs increased by 28.1% to RMB58.5 million in the first half of 2011 from RMB45.7 million in the same period of 2010, primarily due to the recruitment of new employees for Shajing and Minzhi stores opened in the second half of 2010 and compliance with the minimum wage policy in PRC.

Personnel costs of the Group as a percentage of turnover increased to 8.2%, representing a rise of 0.9% as compared to 7.3% for the same period in 2010.

Depreciation

Depreciation increased by 23.1% to RMB18.8 million in the first half of 2011 from RMB15.2 million in the same period of 2010, primarily attributable to the addition of property, plant and equipment for Shajing and Minzhi stores opened in the second half of 2010.

Depreciation of the Group as a percentage of turnover increased to 2.6%, representing a rise of 0.2% as compared to 2.4% for the same period in 2010.

Operating lease rental expense

Operating lease rental expense increased by 10.9% to RMB59.5 million in the first half of 2011 from RMB53.7 million in the same period of 2010. This increase was mainly attributable to the additional operating leases entered into for the Shajing and Minzhi stores opened in the second half of 2010.

Operating lease rental expense of the Group as a percentage of turnover decreased to 8.3%, representing a decrease of 0.3% as compared to 8.6% for the same period in 2010.

Other expenses

Other expenses, which mainly comprised utility expenses, advertising, marketing, promotion and related expenses, other tax expenses, bank charges and maintenance expenses, increased by 47.0% to RMB49.9 million in the first half of 2011 from RMB34.0 million in the same period of 2010. This was primarily due to promotion and utility expenses of Shajing and Minzhi stores opened in last year and enhancement of ancillary facilities for existing stores in 2011.

Other expenses of the Group as a percentage of turnover increased to 7.0%, representing a rise of 1.5% as compared to 5.5% for the same period in 2010.

Profit from operations

As a result of the reasons mentioned above, the Group's profit from operations increased by 1.4% to RMB114.3 million in the first half of 2011 from RMB112.7 million in the same period of 2010.

Finance income

Finance income increased by 205.8% to RMB11.7 million in the first half of 2011 from RMB3.8 million in the same period of 2010, primarily attributable to the significant increase in bank deposit of net proceeds received from the initial public offering of the Shares in November 2010.

Finance costs

Finance costs decreased by 17.8% to RMB0.8 million from RMB0.9 million in the same period of 2010. The decrease was mainly due to lower interest rate of the short-term bank loan entered in the first half of this year.

Income tax expense

Income tax expense amounted to RMB30.4 million, representing an increase of 18.9% from RMB25.6 million in the first half of 2010. The effective tax rate applicable to the Group was 24.3%, which was a result of the increase in the enterprise income tax rate applicable to Shenzhen from 22% to 24%. 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 equity shareholders of the Company increased by 5.3% from RMB90.1 million in the first half of 2010 to RMB94.9 million in the same period of 2011.

VII. LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2011, the Group's cash and cash equivalents amounted to RMB1,882.4 million, representing an increase by RMB146.4 million from RMB1,736.0 million as at 31 December 2010, mainly due to the net effect of borrowing of new bank loan and cash outflow for trade and other payable in the first half of this year. The cash and cash equivalents, which were in Hong Kong dollars and Renminbi, were held at banks in Hong Kong as short-term deposits for interest income and deposited with banks in the PRC.

As at 30 June 2011, the Group's outstanding bank borrowing amounted to RMB249.5 million (31 December 2010: Nil). The borrowings are denominated in Hong Kong dollars of fixed interest rate of 1.104% per annum and will mature in the first half of 2012. The debt to total assets ratio of the Group expressed as a percentage of interest-bearing bank loans over the total assets was 9.2% as at 30 June 2011.

Net current assets and net assets

The net current assets of the Group as at 30 June 2011 were RMB1,353.7 million (31 December 2010: RMB1,263.9 million), representing an increase of RMB89.8 million. The net assets of the Group as at 30 June 2011 increased to RMB1,615.8 million (31 December 2010: RMB1,531.0 million), representing an increase of 5.5%.

Foreign exchange exposure

The Group mainly operates in the PRC with most of its transactions settled in RMB. Certain cash and bank balances of the Group are denominated in HKD and the Company pays dividends in HKD which exposes the Group to foreign exchange risks arising from the translation of HKD against RMB. For the six months ended 30 June 2011, the Group recorded a net foreign exchange loss of RMB4.2 million. The Group did not use any forward contracts, currency borrowings or other means to hedge its foreign currency exposure.

Employees and remuneration policy

As at 30 June 2011, the total number of employees of the Group was 2,877. The Group's remuneration policy is determined with reference to market conditions and the performance, qualifications and experience of individual employees.

Contingent Liabilities

As at 30 June 2011, the Group did not have any significant contingent liabilities.

VIII. 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 2011.

IX. CORPORATE GOVERNANCE

Code on corporate governance practices

In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") for the six months ended 30 June 2011.

Model code for securities transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding securities transactions by Directors. The Directors have complied with the standard set out in the Model Code for the six months ended 30 June 2011.

Audit committee of the Board

As at the date of this announcement, the Audit Committee comprises of three independent non-executive Directors, namely Ms. ZHAO Jinlin, Mr. CHEN Fengliang and Mr. JIANG Hongkai. The audit committee of the Board has been established to review and supervise the financial reporting process and internal control procedures of the Group, and has held meetings to discuss the auditing, internal controls and financial reporting matters of the Company, including the review of and discussion with external auditor and management in relation to the Group's interim results for the six months ended 30 June 2011.

X. INTERIM DIVIDEND

The Board has declared an interim dividend of RMB1.33 cents (2010: Nil) per Share for the six months ended 30 June 2011 to be payable by way of cash in Hong Kong dollars. The amount is to be calculated by reference to the mid-rate published by People's Bank of China for the conversion of Renminbi to Hong Kong dollars as at 16 September 2011.

The interim dividend will be paid on or about 23 September 2011 to the Shareholders whose name appears on the register of members of the Company at the close of business on 16 September 2011.

XI. CLOSURE OF REGISTER OF MEMBERS

The Company's register of members will be closed from 14 September 2011 to 16 September 2011, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for entitlement to the interim dividend, all transfers of Shares accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 12 September 2011.

XII. PUBLICATION OF INTERIM RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement will be published on the websites of Stock Exchange and the Company. The interim report for the six months ended 30 June 2011 containing all the information required by Appendix 16 to the Listing Rules will be despatched to Shareholders and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Shirble Department Store Holdings (China) Limited
YANG Xiangbo
Chairman and executive Director

Hong Kong, 24 August 2011

As at the date of this announcement, the executive Directors are Mr. YANG Xiangbo and Madam YANG Xiaomei and the independent non-executive Directors are Ms. ZHAO Jinlin, Mr. CHEN Fengliang and Mr. JIANG Hongkai.