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 2015

The Board refers to the positive profit alert announcement of the Company dated 3 July 2015 and are pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2015 as follows:–

– Revenue of the Group was RMB672.4 million, representing an increase of 4.9% compared with the revenue of RMB641.1 million for the corresponding period in 2014.

– Total gross sales proceeds(1) of the Group were RMB1,065.1 million, representing an increase of 1.1% compared with the gross sales proceeds of RMB1,053.2 million for the corresponding period in 2014.

– Operating profit of the Group was RMB23.9 million, representing an increase of 262.1% compared with the operating profit of RMB6.6 million for the corresponding period in 2014.

– Profit attributable to the owners of the Company was RMB27.5 million, representing an increase of 105.2% compared with profit attributable to the owners of the Company of RMB13.4 million for the corresponding period in 2014.

– Basic earnings per Share was RMB0.01.

– Net asset value per Share was RMB0.51.

– Interim cash dividend of RMB0.0034 (equivalent to approximately HK$0.0041) per Share or in the total amount of RMB8.4 million (equivalent to approximately HK$10.2 million) (2014: Nil) has been approved.

Note:

(1) The total gross sales proceeds represent the aggregate of (a) the revenue from direct sales, (b) the total sales proceeds from concessionaire sales at the Group's department stores and (c) the income from reversal of the long-aged unredeemed pre-paid cards.

The significant improvement in the profitability during the six months ended 30 June 2015 was a result of the Group's improvement in the overall operational efficiency during the same period.

Because of the improvement in the profitability of the Group, the Board has approved an interim cash dividend of RMB0.0034 (equivalent to approximately HK$0.0041) per Share, or in the total amount of RMB8.4 million (equivalent to approximately HK$10.2 million) (2014: Nil).

I. INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

The board (the "**Board**") of directors (the "**Directors**") of Shirble Department Store Holdings (China) Limited (the "**Company**") refers to the positive profit alert announcement of the Company dated 3 July 2015 and is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2015, together with the unaudited comparative figures for the corresponding period in 2014. The unaudited consolidated results of the Group are prepared by the Group and reviewed by the audit committee (the "**Audit Committee**") of the Board and the Company's auditor, PricewaterhouseCoopers ("**PwC**").

INTERIM CONSOLIDATED INCOME STATEMENT

	Note	For the six months ended 30 June 2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Revenue	*4*	**672,410**	641,127
Other operating revenue	*5*	**61,221**	52,878
Other (loss)/gain, net	*6*	**(679)**	4,418
Purchase of and changes in inventories	*7*	**(465,111)**	(446,258)
Employee benefits	*7*	**(89,458)**	(87,518)
Depreciation and amortisation	*7*	**(26,928)**	(26,679)
Operating lease rental expenses	*7*	**(76,023)**	(73,709)
Other operating expenses, net	*7*	**(51,536)**	(57,641)
Operating profit		**23,896**	6,618
Finance income		**16,914**	12,845
Finance costs		**(1,475)**	(1,167)
Finance income – net		**15,439**	11,678
Profit before income tax		**39,335**	18,296
Income tax expense	*8*	**(11,832)**	(4,871)
Profit for the period		**27,503**	13,425
Profit attributable to:			
Owners of the Company		**27,503**	13,425
Earnings per share for the profit attributable to owners of the Company during the period (expressed in RMB per share)			
– Basic and diluted	*9*	**0.01**	0.01

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30 June	
		2015	2014
	Note	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Profit for the period		**27,503**	13,425
Other comprehensive income:			
Item that may be reclassified to profit or loss			
Fair value gains on available-for-sale financial assets, net of tax		**1,617**	–
Currency translation differences		**5**	(64)
Other comprehensive income/(loss) for the period		**1,622**	(64)
Total comprehensive income for the period		**29,125**	13,361
Attributable to:			
Owners of the Company		**29,125**	13,361

INTERIM CONSOLIDATED BALANCE SHEET

	Note	As at 30 June 2015 RMB'000 (unaudited)	As at 31 December 2014 RMB'000 (audited)
ASSETS			
Non-current assets			
Investment properties	*11*	**66,000**	64,000
Property, plant and equipment		**591,566**	613,285
Intangible assets		**19,295**	19,664
Deferred income tax assets		**46,939**	51,481
Trade and other receivables	*14*	**11,194**	1,339
		734,994	749,769
Current assets			
Inventories		**162,740**	176,132
Available-for-sale financial assets	*12*	**218,341**	–
Fixed maturity investments	*13*	**4,034**	–
Trade and other receivables	*14*	**77,299**	81,095
Bank deposits		**714,090**	931,118
Cash and cash equivalents		**535,817**	554,810
		1,712,321	1,743,155
Total assets		**2,447,315**	2,492,924

	Note	As at 30 June 2015 RMB'000 (unaudited)	As at 31 December 2014 RMB'000 (audited)
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**213,908**	213,908
Share premium		**885,362**	894,338
Other reserves		**210,051**	208,429
Accumulated loss		**(28,534)**	(56,037)
Total equity		**1,280,787**	1,260,638
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**3,519**	3,251
Current liabilities			
Trade and other payables	*15*	**881,831**	953,058
Income tax payable		**44,595**	39,316
Borrowings		**236,583**	236,661
		1,163,009	1,229,035
Total liabilities		**1,166,528**	1,232,286
Total equity and liabilities		**2,447,315**	2,492,924
Net current assets		**549,312**	514,120
Total assets less current liabilities		**1,284,306**	1,263,889

NOTES TO THE CONDENSED CONSOLIDATED 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, (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 Group are to operate in department stores in Mainland China.

2. BASIS OF PREPARATION

This interim condensed financial information for the six months ended 30 June 2015 ("**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 2014, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

The Directors consider that the Group operates in a single business segment, i.e. operation and management of department stores in the People's Republic of China ("**the PRC**"). Accordingly, no segmental analysis is presented.

3. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the effective tax rate that would be applicable to expected profit before income tax for the year.

Amendments to IFRSs effective for the financial year ending 31 December 2015 do not have a material impact on the Group.

4. REVENUE

		Six months ended 30 June	
		2015	2014
	Note	***RMB'000***	*RMB'000*
Direct sales		**539,910**	516,477
Commission from concessionaire sales		**83,868**	75,362
Rental income	*(i)*	**46,379**	44,847
Income from reversal of long-aged unredeemed prepaid cards		**2,253**	4,441
		672,410	641,127

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

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Contractual rental income	**32,486**	27,817
Contingent rental income	**13,893**	17,030
	46,379	44,847

5. OTHER OPERATING REVENUE

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Promotion, administration and management income	**55,587**	47,569
Credit card handling fees for concessionaire sales	**3,912**	2,542
Others	**1,722**	2,767
	61,221	52,878

6. OTHER (LOSS)/GAIN, NET

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Change in fair value of investment properties *(Note 11)*	**2,000**	–
Compensation from counterparties' breach of contract	**953**	–
Reversal of/(provision for) prepayment and other receivables	**448**	(1,125)
Provision for legal claims	**(4,069)**	–
Loss on disposal of property, plant and equipment	**(1,025)**	(2,618)
Relocation compensation	**–**	12,310
Provision for penalty charges	**–**	(4,774)
Others	**1,014**	625
	(679)	4,418

7. EXPENSES BY NATURE

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

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Purchase of and changes in inventories	**465,111**	446,258
Employee benefit expenses	**89,458**	87,518
Operating lease rental expenses	**76,023**	73,709
Depreciation and amortisation expenses	**26,928**	26,679
Auditor's remuneration	**785**	748
Other expenses	**50,751**	56,893
	709,056	691,805

8. INCOME TAX EXPENSES

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Current income tax		
– PRC corporate income tax	**7,022**	3,855
Deferred income tax	**4,810**	1,016
	11,832	4,871

(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 is 25% for all subsidiaries in the PRC.

9. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to equity shareholders of the Company for the interim period of RMB27,503,000 (consolidated earnings for six months ended 30 June 2014: RMB13,425,000) and the weighted average number of shares in issue during the interim period of 2,495,000,000 (six months ended 30 June 2014: 2,495,000,000).

(b) Diluted earnings per share

As there were no dilutive potential ordinary shares for the six months ended 30 June 2015 and 2014, the basic and diluted earnings per share are the same.

10. DIVIDENDS

A dividend of RMB8,976,000 that relates to the year ended 31 December 2014 was declared in March 2015 and paid in June 2015 (2014: Nil).

On 24 August 2015, the board of directors of the Company approved an interim cash dividend of RMB0.0034 (equivalent to approximately HK$0.0041) per share for the interim period, totalling RMB8,376,000 (equivalent to approximately HK$10,158,000) (six months ended 30 June 2014: Nil). Such dividend payable was not recognised as a liability as at 30 June 2015.

11. INVESTMENT PROPERTIES

	2015	2014
	RMB'000	*RMB'000*
At fair value:		
At 1 January	**64,000**	–
Change in fair value *(Note 6)*	**2,000**	–
At 30 June	**66,000**	–

As at 30 June 2015, the Group had no unprovided contractual obligations for future repairs and maintenance (2014: Nil).

The fair value of the Group's investment properties is within level 3 in the fair value hierarchy.

An independent valuation of the Group's investment properties was performed by an independent valuer to determine the fair value of the investment properties as at 30 June 2015.

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015	2014
	RMB'000	*RMB'000*
At 1 January	**–**	–
Additions	**225,733**	–
Disposals	**(9,009)**	–
Net gains transfer to equity	**1,617**	–
At 30 June	**218,341**	–

The Group's available-for-sale financial assets as at 30 June 2015 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 product is based on its market price as at 30 June 2015. The fair value is within level 2 of the fair value hierarchy.

The wealth management product is neither past due nor impaired.

13. FIXED MATURITY INVESTMENTS

The Group's fixed maturity investments as at 30 June 2015 represented principal guaranteed bonds with fixed return rate and fixed maturity date. The fixed maturity investments are denominated in RMB.

14. TRADE AND OTHER RECEIVABLES

		As at	
		30 June	31 December
		2015	2014
	Note	***RMB'000***	*RMB'000*
Current portion:			
Trade receivables	*(i)*	**18,435**	16,055
Lease deposits		**33,012**	32,904
Prepayments		**12,131**	14,340
Interest receivables		**7,683**	13,359
Other receivables		**6,014**	4,409
Amounts due from a related party		**24**	27
		77,299	81,095
Non-current portion:			
Prepayments for acquisition of a property in Shenzhen		**11,126**	–
Prepayments for purchase of equipment		**68**	–
Prepayments for construction project		**–**	1,339
		11,194	1,339
		88,493	82,434

(i) 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 ageing analysis of the trade receivables of the Group based on invoice date or the time from the initial recognition of receivables is as follows:

	As at	
	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
0 – 30 days	**12,119**	13,397
31 – 90 days	**5,123**	1,938
91 – 365 days	**1,193**	720
	18,435	16,055

All trade and bills receivables are denominated in RMB and their carrying amounts approximated their fair values as at the balance sheet date.

As at 30 June 2015 trade receivables of RMB18,435,000 (31 December 2014: RMB16,055,000) were fully recoverable.

15. TRADE AND OTHER PAYABLES

		As at	
		30 June 2015	31 December 2014
	Note	***RMB'000***	*RMB'000*
Trade payables	*(i)*	**216,854**	227,195
Rental payables		**186,321**	182,372
Other tax payables		**23,288**	21,743
Deferred income	*(ii)*	**23,545**	35,139
Accruals for wages and salaries		**13,179**	20,233
Provisions for contingent liabilities		**12,157**	8,088
Advances received from customers	*(iii)*	**284,237**	337,293
Advances from suppliers		**5,993**	5,864
Amount due to related parties		**129**	156
Other payables and accruals		**116,128**	114,975
		881,831	953,058

All trade and other payables are denominated in RMB and their fair value approximated their carrying amount as at the balance sheet date.

(i) The aging analysis of the trade payables of the Group was follows:

	As at **30 June 2015** *RMB'000*	As at 31 December 2014 *RMB'000*
0 – 30 days	**93,317**	89,089
31 – 60 days	**16,467**	51,942
61 – 90 days	**29,409**	16,810
91 – 365 days	**43,096**	33,389
1 year – 2 years	**4,469**	4,992
2 years – 3 years	**28,487**	23,596
Over 3 years	**1,609**	7,377
	216,854	227,195

(ii) The amount mainly represented the carrying amount of unredeemed awarded credits.

(iii) The amount mainly represented cash received for prepaid cards sold.

16. CAPITAL COMMITMENTS

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	As at **30 June 2015** *RMB'000*	As at 31 December 2014 *RMB'000*
Capital commitments – expenditures of property, plant and equipment – Contracted but not provided for	**3,578**	1,346

II. MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During the six months ended 30 June 2015, the domestic consumption level in the PRC continued to grow modestly. According to the National Bureau of Statistics of China, the total retail sales of consumer goods for the six months ended 30 June 2015 amounted to RMB14,157.7 billion with an overall growth of 10.4% compared with the corresponding period in 2014.

However, with the PRC stock market crash in June 2015, a potential economic downturn has emerged in the PRC. If the government policies in the PRC fail to support and stimulate the economic growth, the domestic consumption level could be adversely affected.

Apart from the traditional retail outlets, online sales have become an important sales channel in the PRC in recent years due to the convenience and the popularity of e-commerce and the logistics support for such online transactions. The consumption pattern amongst the consumers in the PRC has undergone substantial changes, and the number of internet shoppers are expected to increase rapidly. In order to increase their competitiveness, many retailers have collaborated with branded online retailers or developed their own online sales systems to fulfil the consumers' demand.

BUSINESS REVIEW

In order to continue to improve the profitability, the Group has implemented various effective strategic and operational measures during the first half of 2015. The performance of the existing department stores as well as the department stores opened during last three years have recorded a steady business growth with an overall 105.2% increase in the profit to RMB27.5 million for the six months ended 30 June 2015.

Instead of implementing an aggressive development plan, the Group continues to improve the competitiveness in the existing markets during the first half of 2015. As of 30 June 2015, the Group operates a total of 19 department stores, covering a total GFA of 338,720.1 sq.m.

Enhancement of direct procurement platform

The Group has been constantly reviewing and optimising its merchandising business. New and specialty local products, imported items and premium locally-branded products have been introduced at different stores according to the local market preference. In view of the increasing concern on food safety in the PRC, the Group introduces high-quality overseas products to the consumers in the PRC.

During the six months ended 30 June 2015, the Group has entered into a memorandum of understanding (the "**MOU**") and a sales and purchase agreement with Eternity (Asia) Limited ("**EAL**"), an associate of ATB Corporation, for business cooperation. ATB Corporation is a leading enterprise in Ukraine and is ranked the fourth in terms of stability, profitability and growth in the first half of 2014 according to Forbes Ukraine. ATB Corporation is principally engaged in the supermarket business and operates approximately 900 stores in Ukraine. Pursuant to the MOU, the Group has been appointed as the exclusive importer and distributor of the branded edible sunflower seed oil products in the PRC. This is expected to increase the revenue of the Group's merchandising business and boost its competitiveness. The Group is in preliminary study of further business cooperation with EAL to expand the range of imported and exported products.

In addition, the Group has also entered into a cooperation agreement with an organic farmhouse in the PRC for the provision of quality fresh vegetable free from chemical fertilizer at competitive prices. The vegetable has been available for sale at selected department stores of the Group in Shenzhen since January 2015, and is soon to be introduced to other department stores of the Group.

Establishment of online-to-offline sales channels

In order to attract more customers, the Group has expanded the e-commerce sales business. An increasing number of the products currently available for sale at the Group's department stores will be rolled out for sale on the online platform in stages.

The Group began a trial run of the online to offline ("**O2O**") platform for the sales of several types of grocery products in late 2014. In 2015, the online business was formally launched.

Re-position of certain stores and restructure of store layout plan

In view of the latest development of the surrounding areas, the Group has reviewed the market positioning of two of its oldest stores, namely Hongling store and Hongbao store in Shenzhen, and has redefined their business models to cater for the newly established O2O sales platform and to fully maximise the floor efficiency. Hence, the Group entered into a rental agreement for the Hongbao store and two rental agreements for the Hongling store in December 2014 and March 2015, respectively, whereby certain floor areas within the store premises will be sub-leased/leased for the opening of two boutique hotels and a business office starting in the second half of 2015. Through the sub-lease/lease and the subsequent relocation of product sections, those floors could be better utilized and are expected to increase both rental income and customer flow at those two stores.

The Group also aims to deliver to its customers an enhanced and more convenient shopping experience while maximizing the efficient use of the current store area. In the past three years, the Group has introduced new sectors such as children's playgrounds, bakery shops, restaurants and cinemas within certain store premises (especially at new stores where a higher proportion of the store area is dedicated to ancillary facilities) and has successfully increased the customer flow to those stores.

The Group will continue to evaluate the introduction of new or additional sections in order to attract a wider range of activities and an increasing number of shoppers, as well as to explore the opportunity to sub-lease store areas with lower turnover to enhance store profitability.

Upgrade of the information technology system

The Group's information technology system is currently in operation, which enhances the financial analysis modules, logistics and point-of-sale management operations functions. Together with the introduction of the Group's office automation system, the overall operations, management efficiency and corporate governance have also been strengthened.

Corporate initiatives to enhance efficiency and performance

In the second half of 2014, the key performance indicators assessment scheme for the employees of the Group was implemented in selected departments of the Group to boost employees' performance. This scheme has been extended to cover the Group's staff at the store level in 2015 in order to boost the performance.

BUSINESS OUTLOOK

Although the economic outlook of the PRC is not entirely optimistic, the Directors remain cautiously optimistic about the business prospects of the Group.

Development of e-commerce business

In view of the successful trial run of the O2O platform for online sales in late December 2014 and early 2015, the Group plans to expand the product mix to be sold through the online platform. Other than the Shenzhen stores that have introduced the O2O platform, the Group will continue to develop the e-commerce business opportunities in its remaining stores in Shenzhen. A total of 10 Shenzhen stores are expected to provide O2O services in the second half of 2015, and the Group targets to further introduce these services to stores outside Shenzhen in the future.

In the second half of 2015, the Group has entered into a long-term (over 15 years) strategic cooperation agreement with Jingdong Daojia ("京東到家") and several cooperation agreements with other e-commerce platforms for the provision of O2O platform and other related services. Alongside the enhancement of its information technology system and logistics arrangements, the Group expects that more customers will enjoy the convenient shopping experience and hence, increase customer flow in the future.

Development of import and export business

Subject to the satisfactory result as an exclusive importer and distributor of the branded edible sunflower seed oil products, the Group is in preliminary study to expand the range of imported and exported products to cover a wider range of food-related products or daily necessities. The Group is also in discussion with a number of overseas suppliers on further business cooperation in a similar manner.

Prudent expansion and improved utilisation of store network

The Group will continue to implement its two-pronged strategy in increasing its market share in Shenzhen and exploring opportunities in establishing department stores in third-tier or lower tier cities in Guangdong Province which are undergoing rapid urbanisation.

Depending on market sentiment and the performance of the other new department stores, the Group plans to open a new department store in 2016 within a three-storey building in Yitian, Futian District with a GFA of 17,500.0 sq.m. Due to uncertainties in the market development in Longhua New District, the store opening plan in the area has been postponed.

New business development and potential investment opportunities

The new market opportunities and the greater financial resources currently available to the Group will facilitate its ongoing efforts to explore new business and investment opportunities in the retail or related sectors. The Directors will focus on those business and investment opportunities that could offer synergies with the existing business of the Group.

III. FINANCIAL REVIEW

Total gross sales proceeds

During the six months ended 30 June 2015, 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 long-aged unredeemed prepaid cards) were RMB1,065.1 million, representing an increase of 1.1% from RMB1,053.2 million in the corresponding period of 2014. The increase in total gross sales proceeds was principally due to an increase in the sales from both old stores in Shenzhen and new department stores opened in the past few years as a result of improvement in overall operational efficiency.

Revenue generated from direct sales of the Group amounted to RMB539.9 million and the total sales proceeds from concessionaire sales amounted to RMB522.9 million, accounting for 50.7% and 49.1%, respectively, of the Group's total gross sales proceeds for the six months ended 30 June 2015. For the same period in 2014, revenue from direct sales amounted to RMB516.5 million, while the total sales proceeds from concessionaries sales amounted to RMB532.3 million, accounted for 49.0% and 50.5% 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			
	2015		2014	
	RMB' million	*%*	*RMB' million*	*%*
Electronics and home appliances	**122.4**	**11.5**	120.8	11.5
Clothes, apparel and bedding	**245.4**	**23.0**	242.2	23.0
Children's goods	**27.9**	**2.6**	27.5	2.6
Sporting and stationery goods	**27.2**	**2.6**	26.9	2.5
Food and beverages	**468.2**	**44.0**	462.0	43.9
Daily necessities and cosmetic goods	**171.7**	**16.1**	169.4	16.1
Income from reversal of long-aged unredeemed pre-paid cards	**2.3**	**0.2**	4.4	0.4
	1,065.1	**100.0**	1,053.2	100.0

Revenue

The Group's revenue amounted to RMB672.4 million for the six months ended 30 June 2015, representing an increase of 4.9% as compared to RMB641.1 million in the corresponding period of 2014. The increase was principally due to an increase in the direct sales, commission from concessionaire sales and increase in rental income.

Direct sales increased by 4.5% to RMB539.9 million for the six months ended 30 June 2015 from RMB516.5 million in the corresponding period of 2014, principally due to an increase in the sales from existing stores as a result of improvement in supermarket product mix. Direct sales as a percentage of the Group's total revenue was 80.3% for the six months ended 30 June 2015 as compared to 80.6% in the corresponding period of 2014.

Commission from concessionaire sales increased by 11.3% to RMB83.9 million for the six months ended 30 June 2015 from RMB75.4 million in the corresponding period of 2014, mainly due to an increase in the concessionaire sales resulting from the effective restructuring of store layout plan to enhance operational efficiency and a higher commission rate achieved upon enhancement of the concessionaires selection and renewal process. The commission rate of concessionaire sales was 16.0% as compared to 14.2% for the corresponding period in 2014. Commission from concessionaire sales as a percentage of the Group's total revenue was 12.5% for the six month ended 30 June 2015 as compared to 11.8% for the corresponding period in 2014.

Rental income increased by 3.6% to RMB46.4 million for the six month ended 30 June 2015 from RMB44.8 million for the corresponding period in 2014, mainly due to the continuous restructuring of store layout plan in different stores to increase the proportion of leased/sub-leased area for complementary facilities. Rental income as a percentage of the Group's total revenue was 6.9% for the six month ended 30 June 2015 as compared to 7.0% for the corresponding period in 2014.

Income from reversal of long-aged unredeemed pre-paid cards decreased by 47.7% to RMB2.3 million for the six months ended 30 June 2015 from RMB4.4 million in the corresponding period of 2014.

Other operating revenue

Other operating revenue increased by 15.7% to RMB61.2 million for the six months ended 30 June 2015 from RMB52.9 million in the corresponding period in 2014, mainly due to an increase in promotion, administration and management income as well as an increase in credit card handling fees for concessionaire sales.

Other (loss)/gain, net

Other net loss amounted to RMB0.7 million for the six months ended 30 June 2015 as compared with other net gain amounted to RMB4.4 million in the corresponding period of 2014, mainly due to the fair value gains from the investment properties of RMB2.0 million, offset by the provision for legal claims of RMB4.1 million in the first half of 2015. An one-off relocation compensation amounting to RMB12.31 million was received from the landlord of the leased premises of Mingxing Store in the first half of 2014.

Purchase of and changes in inventories

Purchase of and changes in inventories amounted to RMB465.1 million for the six months ended 30 June 2015, representing an increase of 4.2% as compared with RMB446.3 million in the corresponding period of 2014, which is in line with the increase in direct sales. As a percentage of revenue from direct sales, purchase of and changes in inventories was 86.1% for the six months ended 30 June 2015 as compared with 86.4% in the same period of 2014.

Employee benefits

Employee benefits increased slightly by 2.3% to RMB89.5 million for the six months ended 30 June 2015 from RMB87.5 million in the corresponding period in 2014, primarily due to the new store opened in the second half of 2014.

Depreciation and amortization

Depreciation and amortization remained stable at RMB26.9 million for the six months ended 30 June 2015 from RMB26.7 million in the corresponding period in 2014.

Operating lease rental expenses

Operating lease rental expenses increased by 3.1% to RMB76.0 million for the six months ended 30 June 2015 from RMB73.7 million in the corresponding period of 2014. The increase was principally attributable to the one-off write-back adjustments as a result of the closure and sub-leasing of certain department stores in Dongguan in first half of 2014.

Other operating expenses, net

Other operating expenses, which principally comprised of utility expenses, advertising, marketing, promotion and related expenses, other tax expenses, bank charges, exchange differences and maintenance expenses, decreased by 10.6% to RMB51.5 million for the six months ended 30 June 2015 from RMB57.6 million in the corresponding period in 2014. This was primarily due to the efficient cost controls and savings for the existing stores and head office.

Operating profit

As a result of the reasons mentioned above, the Group's operating profit amounted to RMB23.9 million for the six months ended 30 June 2015 as compared with the operating profit of the Group of RMB6.6 million in the corresponding period in 2014.

Finance income

Finance income increased significantly by 32.0% to RMB16.9 million for the six months ended 30 June 2015 from RMB12.8 million in the corresponding period of 2014 primarily as a result of the higher interest income earned from bank deposits.

Finance costs

Finance costs increased by 25.0% to RMB1.5 million for the six months ended 30 June 2015 from RMB1.2 million in the corresponding period of 2014 which was primarily as a result of an increase in interest rate and higher outstanding borrowings due to unfavourable exchange rate movements.

Income tax expense

Income tax expense amounted to RMB11.8 million for the six months ended 30 June 2015, representing an increase of 140.8% from RMB4.9 million in the corresponding period of 2014. The effective tax rate applicable to the Group for the six months ended 30 June 2015 was 25%. 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 RMB27.5 million for the six months ended 30 June 2015, representing an increase of 105.2% as compared with the profit of RMB13.4 million in the corresponding period in 2014.

IV. INTERIM DIVIDEND

The Board declares an interim dividend of RMB0.0034 (equivalent to approximately HK$0.0041) per Share or in the total amount of RMB8.4 million (equivalent to approximately HK$10.2 million) (2014: Nil) for the six months ended 30 June 2015 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 2015. The interim dividend will be paid on or around 25 September 2015 to Shareholders whose names appear on the Register of Members at the close of business on 18 September 2015.

V. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 16 September 2015 to 18 September 2015 (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 15 September 2015.

VI. LIQUIDITY AND FINANCIAL RESOURCES

As of 30 June 2015, the Group's cash and cash equivalents amounted to RMB535.8 million, decreased by RMB19.0 million from RMB554.8 million as of 31 December 2014. The cash and cash equivalents, which were in RMB and Hong Kong dollars, were deposited with banks in the PRC and Hong Kong as short-term deposits for interest income. As of 30 June 2015, the Group's bank deposits amounted to RMB714.1 million, representing a decrease by RMB217.0 million from RMB931.1 million as of 31 December 2014. The bank deposit which were mainly denominated in RMB, were deposited with banks in the PRC and Hong Kong as long-term fixed deposits for interest income, of which RMB190.3 million (31 December 2014: RMB387.6 million) were pledged to bank as restricted bank deposit to secure borrowings.

As of 30 June 2015, the Group's outstanding bank borrowings amounted to RMB236.6 million (31 December 2014: RMB236.7 million). The borrowings are denominated in Hong Kong dollars with average interest rate of 1.254% per annum (31 December 2014: 1.047%). The gearing ratio of the Group expressed as a percentage of interest-bearing bank loans over the total assets was 9.7% as of 30 June 2015 (31 December 2014: 9.5%). The Group will continue to review its cash flow position and renew the bank borrowings when necessary.

Net current assets and net assets

The net current assets of the Group as of 30 June 2015 were RMB549.3 million (31 December 2014: RMB514.1 million), representing an increase of RMB35.2 million. The net assets of the Group as of 30 June 2015 increased to RMB1,280.8 million (31 December 2014: RMB1,260.6 million), representing an increase of 1.6%.

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 dollars and all its borrowings are denominated in Hong Kong 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 2015, the Group recorded a net foreign exchange loss of RMB1.1 million. The Group has not used any forward contracts, currency borrowings or other means to hedge its foreign currency exposure.

Employees and remuneration policy

As of 30 June 2015, the total number of employees of the Group was 2,342. The Group's remuneration policy is determined with reference to market conditions and the performance, qualifications and experience of individual employees.

To recognise and reward the eligible employees for their contributions to the business and development of the Group, the Company has adopted an employee's share award scheme in 2014 and granted an aggregate of 18,672,000 shares to eligible employees under the scheme on 13 July 2015.

Contingent liabilities

Certain suppliers have commenced proceedings in the PRC against the Group in respect of disputes over contract terms and trademark infringement claim. As at 30 June 2015, the legal proceedings were ongoing. The Group has made an accumulated provision of approximately RMB12,157,000 (2014: RMB8,088,000), which the Directors believe is adequate to cover the amounts, 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.

VII. SUBSEQUENT EVENTS

The Company adopted an employees' share award scheme ("**Employees' Share Award Scheme**") on 22 January 2014, pursuant to which, the board of directors may, at its absolute discretion, recommend any eligible employees as participants in the Employees' Share Award Scheme. On 13 July 2015, an aggregate of 18,672,000 award shares were granted to 28 eligible employees.

A trustee will purchase the award shares through the Stock Exchange under the direction of the Company for the purpose of the Employees' Share Award Scheme. On 10 July 2015, the board of directors has approved the payment to the trustee an aggregate amount of HK$38,400,000 to conduct on-market purchases of these award shares. On 14 July 2015, the trustee purchased an aggregate of 2,000,000 shares of the Company's existing shares on the market for approximately HK$1,252,000 at an average purchase price of approximately HK$0.626 for each share.

VIII. AUDIT COMMITTEE

As of the date of this announcement, 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 2015, 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 interim results for the six months ended 30 June 2015.

IX. REVIEW OF PRELIMINARY ANNOUNCEMENT

The Group's unaudited interim results for the six months ended 30 June 2015 have been reviewed by the audit committee and by the auditor of the Company in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

X. CORPORATE GOVERNANCE

The Company is committed to achieving and maintaining high standards of corporate governance. In the opinion of the Directors, throughout the six months ended 30 June 2015, 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 ("**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.

In November 2014, the Group appointed a reputable accounting firm to assist the management to develop a standard operating procedures manual for certain operational functions of the Group for the purpose of enhancing the internal controls and efficiencies of those functions, the progress and adoption of which are reported to the Board by stages in 2015. In addition, the Group also successfully launched an office automation system in respect of the approval procedures of the Group since December 2014. The Board believes that the office automation system will further improve and streamline the internal control procedures of the Group.

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.

XI. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES 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 2015.

XII. 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 2015.

XIII. PUBLICATION OF INTERIM RESULTS ON THE WEBSITES OF THE STOCK CHANGE AND THE COMPANY

This announcement is published on the websites of Stock Exchange and the Company. The interim report for the six months ended 30 June 2015 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.

XIV. CONCLUSION

The Board would like to take this opportunity to express its gratitude to the management team and all colleagues for their commitment and diligence. Appreciation must also be extended to the Group's partners and customers for their continuous support. The Board wishes to further thank all of the shareholders and investors of the Company for their utmost confidence in the Group, and is confident that the business of the Group will continue to grow steadily.

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

Hong Kong, 24 August 2015

As of the date of this announcement, the Board comprises Mr. YANG Xiangbo (Chairman) and Mr. YANG Ti Wei (Chief Executive Officer) as the executive Directors and Ms. ZHAO Jinlin, Mr. CHEN Fengliang, Mr. JIANG Hongkai and Mr. FOK Hei Yu as the independent non-executive Directors.