PCD STORES (GROUP) LTD

INTERIM REPORT 2010

中国春天百货
PCD STORES

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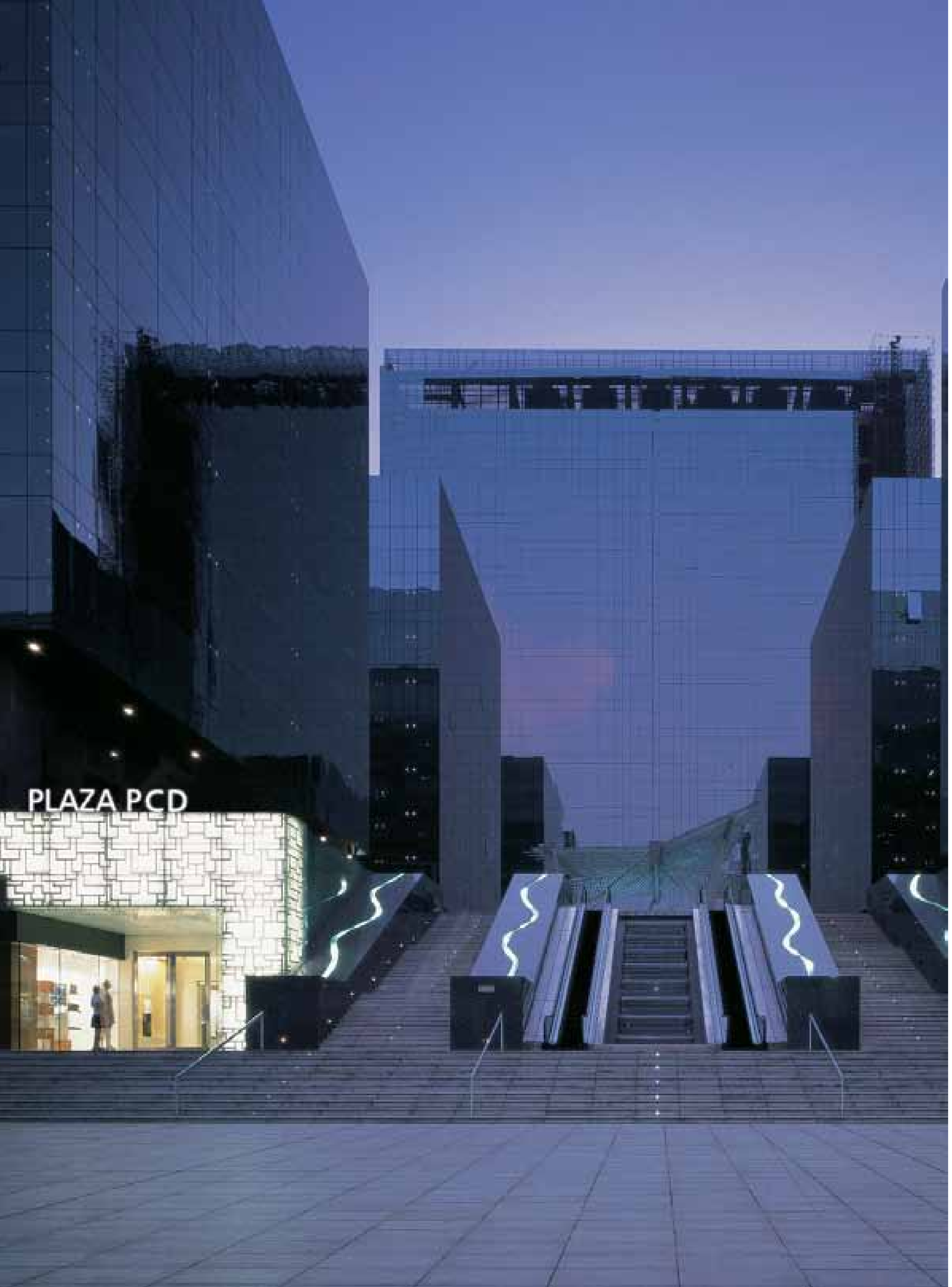


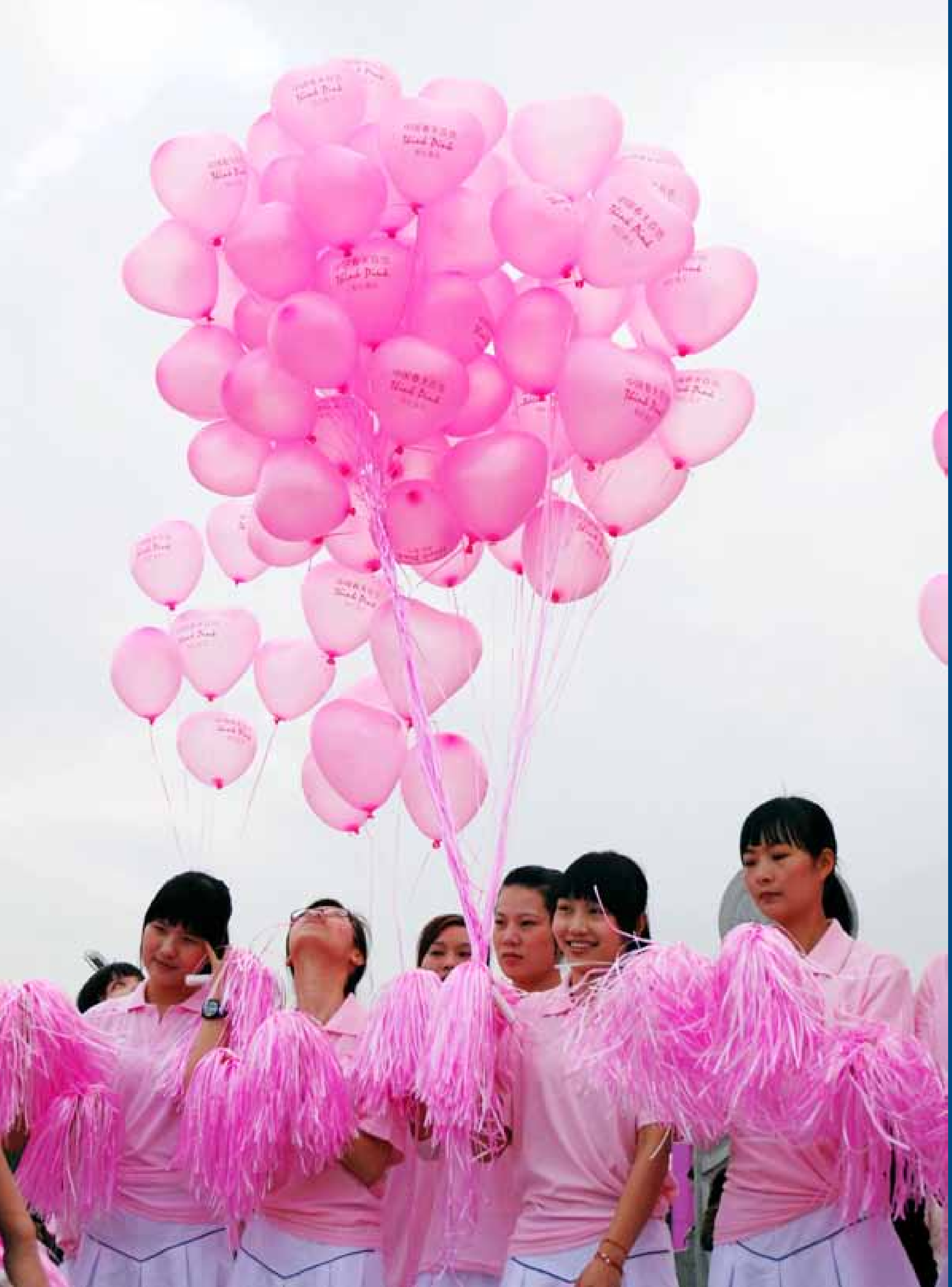
CORPORATE PROFILE

PCD Stores (Group) Limited ("the Company" or "PCD") and its subsidiaries ("the Group") manage a rapidly-growing, national department store and outlet mall group in China. We are currently located in 8 provinces within mainland China, with openings in 2 further provinces planned for 2011.

We position the majority of our stores to offer a selection of high-end, luxury brands to high-income earners, in a sophisticated and upscale shopping environment.

We are currently the only retail operator to be developing a national outlet mall network in China. As of 30 June 2010, the Group operated 16 department stores and 1 outlet mall under the PCD and SCITECH brands.

Our goal is to be the leading high-end department store and outlet mall operator in China.



FINANCIAL HIGHLIGHTS

Total gross sales proceeds ("GSP") improved to RMB1,317.2 million, an increase of 9.7%.

Concessionaire rate and direct sales margin remained strong at 20.9% and 23.1% respectively.

Revenue improved to RMB421.1 million, an increase of 17.3%.

Profit before tax improved to RMB205.1 million, an increase of 26.3%.

Net profit attributable to the Group for the period improved to RMB146.8 million, an increase of 18.3%.

Profit before tax margin and net profit margin improved to 48.7% and 34.9% respectively.

Earnings per share was RMB3.48 cents.

Interim dividend of RMB1.5 cents per share.

CHAIRMAN'S STATEMENT

Review

The first half of 2010 ("1H10") evidenced a recovery of consumer sentiment as well as retail sales in the PRC market. Our commitment to serve our customers with high-quality products and services led to continued growth in our operational performance. The Board of Directors is pleased to announce that the Group's revenue grew by 17.3% compared with the first half of 2009 ("1H09"), reaching RMB 421.1 million in 1H10. Profit before tax, excluding the change in fair value of investment property, was RMB 195.1 million, representing a growth of 37.0%, compared with RMB 142.4 million in 1H09. Net profits of the Group reached RMB 146.8 million compared with the same period in 2009, representing an increase of 18.3%. Our after tax net profit to shareholders was RMB 146.8 million, showing a growth of 18.5% compared with that of the same period in 2009.

We continue to follow our twin growth strategy of developing both a department store and an outlet mall network in the PRC, whilst focusing on the high-end consumer segment. We have set our sights firmly on delivering sustainable and profitable growth by offering high-quality and premium merchandise throughout our store network.

We have recently announced the proposed injection of three of our managed stores in Guizhou province into our self-owned store network. As one of the high-growth regions in the PRC, we are optimistic for the continued potential of these stores. The three department stores have experienced GSP growth above 25% in 1H10. Acquisition consideration is determined based on historical investment costs of approximately RMB 551 million, which represents a discount of more than 40% to the fair market value of RMB 962 million. The addition of these stores will further strengthen our network and consolidate our position as a national operator, as well as provide a substantial new source of earnings for the Group going forward.

Following our stated aim in our last annual report, the Group is committed to capturing the growth opportunity in the booming Xian market. Our Xian Phase II project has also been progressing according to schedule, and will be adding approximately 50,000 sqm of GFA to our network, offering some of the most modern and well-designed retail space in that city. Xian Phase I and Phase II together will form part of a multi-purpose complex, featuring an international 5-star hotel, grade-A office towers and serviced apartments. Our Group is positive on the future potential of our PCD Xian store, as it will be part of an upscale retail and commercial landmark in the city.

On outlet malls, during 1H10, we continued to push forward new opportunities in Shenyang and Hangzhou as previously announced. These new projects will provide exciting and sustainable growth prospects for the Group in the years to come.

Apart from striving for operational excellence, our Group places strong emphasis on contributing to the community and on being a responsible corporate citizen. Our Group organized activities and events throughout our national network supporting the local communities in which we operate. Main events included the "Charity Education" program in Beijing, where funds raised were donated to a local primary school and the "Think Pink" Walkathon and "Think Pink" donation boxes that were placed in our department stores, with the proceeds being sent to the Red Cross for Breast Cancer Prevention and Treatment Projects. Making a conscious "green" contribution to the environment was also important, and our entire store network participated in the global "Earth Hour" campaign in March 2010 to show our support in raising the awareness of global climate change. These initiatives will continue and remain high on the Board's agenda.

Outlook

Our business outlook remains positive for the second half of 2010 and management believes the indicators point to a robust domestic retail market in China for the rest of this year. The Group is well-positioned to take advantage of the healthy trends towards both general consumerism and luxury products that we are seeing. Moreover, the Group's network is growing both in geographic scale and in breadth of retail format, allowing us to capitalize on these opportunities.

Our core strategy remains in the high-end, luxury consumption market, where we see the most defensible margins and most sustainable profit growth. We continue with our dual approach of adding department stores (through acquisition) and outlet malls (through greenfield development) to our growing national store network. New projects in both of these retail formats throughout the rest of 2010 and 2011 will significantly contribute to growth, whilst continuing to bolster our Group's existing portfolio. With the different projects in the pipeline, we expect to triple the total gross floor area of our self-owned store network, and the Group's total GFA could reach more than 600,000 sqm in 2012. This should lay a strong foundation for the business to grow in the long term.

Additionally, we will maintain the continual evaluation of our managed stores network and will acquire these stores in to our self-operated network as appropriate, as in the case of the proposed injection of the Guizhou stores announced earlier this month.This proposed injection should be completed by end of the year. The acquisition of these three stores will provide significant and meaningful growth to the Group.

Since 2004, PCD has grown and become a national operator of department stores, largely due to our successful efforts in acquiring some of the most prime retail space in key cities across China. The management team continues to focus on acquiring potential targets in China and expects some of these projects to materialize over time. As of June 30, 2010, the Group has RMB 1.5 billion cash on hand with debt-to-equity ratio at 0.23. This should provide the Group with solid financial resources to continue our expansion program.

The Directors remain confident about the development of the Group's business and have decided to declare an interim dividend of RMB0.015 per share. With a prudent financial policy and expansion strategy, our Group continually strives to utilize our financial resources efficiently with the aim of increasing profitability and earnings for our shareholders.

Chan Kai Tai Alfred
Chairman

25 August 2010
Xiamen, PRC

MANAGEMENT DISCUSSION & ANALYSIS

Financial Overview

In 1H10, the Group generated total GSP of RMB 1,317.2 million, representing an increase of 9.7% compared with RMB 1,200.4 million in 1H09.

Concessionaire sales contributed approximately 93.1% of the total GSP and direct sales accounted for the remaining 6.9%.

With our prudent control on margins, the Company was able to improve concession rate and direct sales margin from 20.8% to 20.9% and from 23.0% to 23.1% respectively compared with the same period of last year.

Revenue

The Group managed to increase revenue by RMB 62.3 million or 17.3% to RMB 421.1 million as compared with the same period of last year. This increase was primarily driven by sales growth and the new management income stream from Beijing Scitech Outlet Mall.

Other Income

Other income increased by RMB 1.1 million or 2.5% to RMB 44.3 million as compared with 1H09 due to interest income from the proceeds of initial public offering which is partly offset by the decrease in advertisement and promotion administration income.
As a percentage to revenue, other income decreased from 12.0% to 10.5% against the same period of last year.

Purchase of Goods and Changes in Inventories

The purchase of goods and changes in inventories includes costs incurred for direct sales and changes in such inventory. Purchase of and changes in inventories were up by RMB 5.9 million or 9.3% to RMB 69.5 million, which is in line with the increase in direct sales.

Employee Benefits Expense

Employee benefits expense increased by RMB 5.4 million or 11.3% to RMB 52.9 million when compared with 1H09. The increase was primarily attributable to non-cash expenses of stock options granted to employees.

As a percentage to revenue, the employee benefit expense decreased from 13.2% to 12.6% against the same period of last year.

Depreciation and Amortisation

Depreciation and amortisation rose by RMB 1.3 million or 8.2% to RMB 17.5 million compared with the same period of last year. This was mainly attributable to the depreciation of leasehold improvement in relation to the existing department store properties.

Operating Lease Rental Expense

Operating lease rental expense was RMB 50.6 million, an increase of RMB 2.9 million or 6.1% which is less than sales growth, due to the fact that a large proportion of rental expenses are on a fixed-fee basis.

As a percentage to revenue, operating lease rental expenses decreased by 13.3% to 12.0% over the same period of last year.

Other Expenses

Other expenses increased by RMB 6.2 million or 10.1% to RMB 67.3 million. This was mainly attributable to the sales related expenses as a result of the increase in sales.

Finance Costs

Finance costs decreased by RMB 10.3 million or 43.7% to RMB 13.3 million. This was mainly due to the repayment of outstanding bank borrowings during the reporting period.

Income Tax Charge

The Group's income tax expense increased by RMB 20.1 million or 52.4% to RMB 58.3 million when compared with 1H09. The effective tax rate was 28.4%, higher than that of 23.6% in 1H09.

Profit for the Period

As a result of improvement in revenue and better cost structure, despite the higher effective tax rate, the profit for the reporting period reached RMB 146.8 million, representing an improvement of RMB 22.7 million or 18.3%, compared with that of the same period of last year.

As a percentage to revenue, excluding change in fair value of investment property and its respective deferred tax impact, profit for the reporting period improved from 30.4% to 33.1% as compared with same period of last year.

Profit Attributable to the Owners of the Company

Profit attributable to the owners of the Company increased by RMB 23.0 million, from RMB 123.8 million to RMB 146.8 million, or 18.5% which is in line with growth of profit for the reporting period.

Liquidity and Financial Resources

Bank balances and cash of the Group decreased to RMB 1,474.5 million due to capital expenditure for Xian Phase II. The financial resources are sufficient for the operation and development of the Group. Gearing ratio, the ratio of total bank borrowings divided by total equity, was 0.23.

The Group had bank borrowings of RMB 596.5 million as at 30 June 2010. The increase in bank borrowings by 14.7% compared with end of FY2009 was mainly due to the additional loan made for financing the Xian Phase II project during 1H10.

Capital commitments

The capital commitments of the Group as at 30 June 2010 were RMB 162.2 million.

Net Current Assets and Net Assets

The Group's net current assets as at 30 June 2010 were RMB 750.9 million compared with RMB 1,071.9 million as at 31 December 2009. The decrease was mainly due to the cash payment in capital expenditure for Xian Phase II property. Net assets reached RMB 2,572.0 million as at 30 June 2010 after improvement in profit and proceeds from over-allotment in initial public offering during 1H10.

Pledge of Assets

As at 30 June 2010, certain of the Group's buildings with an aggregate carrying amount of RMB 361.4 million (31 December 2009: RMB 408.6 million) were pledged as security for bank loans of the Group.

Segment Information

Over 90% of the Group's turnover and contribution to the operating profit is attributable to the operation and management of department stores, over 90% of the Group's turnover and contribution to the operating profit is attributable to customers in the PRC and over 90% of the Group's assets are located in the PRC. Accordingly, no analysis of segment information is presented.

Employees

As at 30 June 2010, the total number of employees for the Group was approximately 1,800. The Group's remuneration policies are formulated according to market practice, experience, and skills and performance of individual employees and are reviewed annually.

Contingent Liabilities

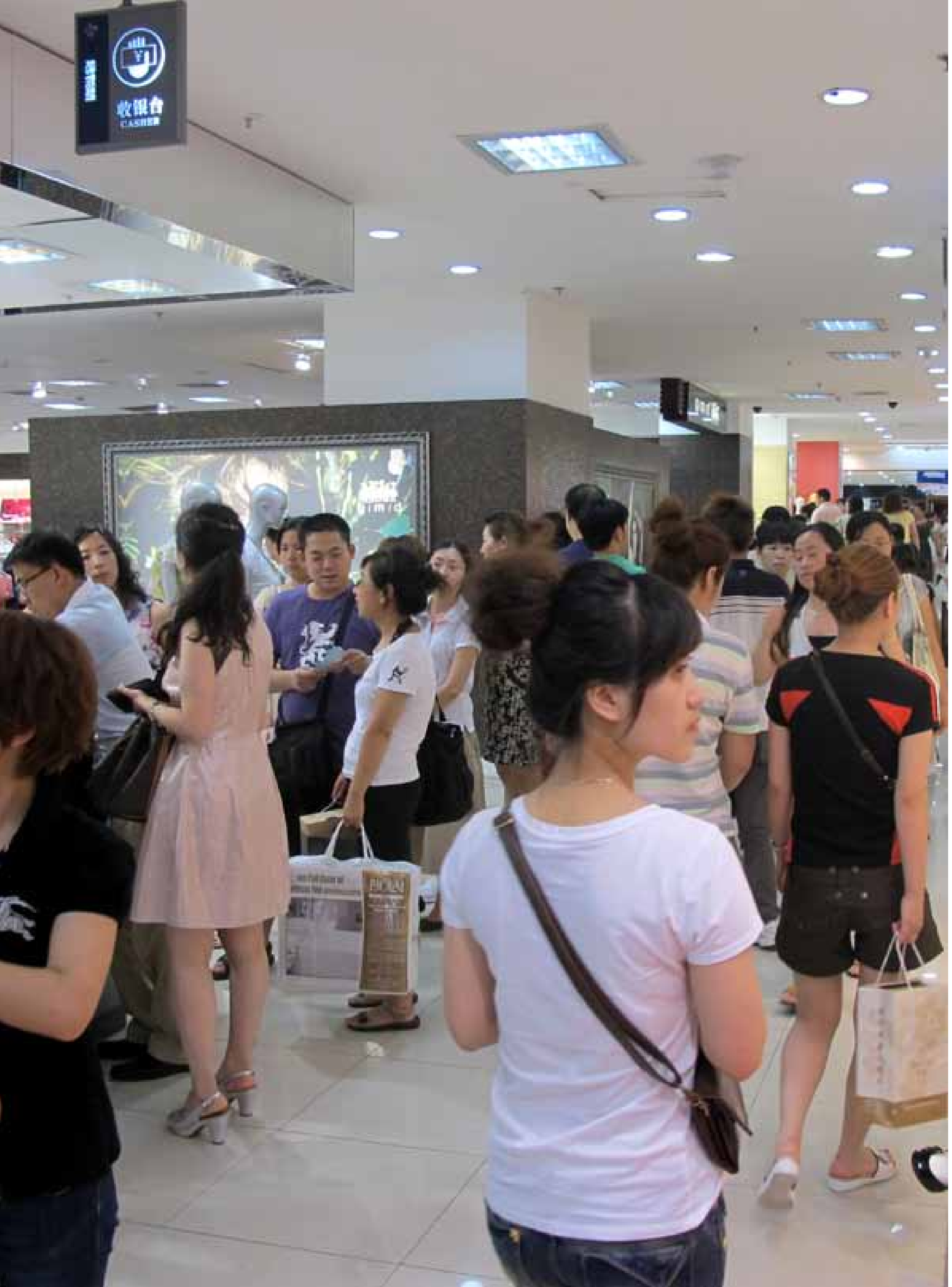
As at 30 June 2010, the Group did not have any significant contingent liabilities.

Post-balance Sheet Development

After the balance sheet date, the Directors have declared an interim dividend of RMB 0. 015 per share based on 4,225,000,000 ordinary shares in issue as at 30 June 2010, amounting in aggregate to RMB 63.4 million to be paid on 15 December 2010 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on 27 October 2010.

Treasury Policies

The Group mainly operates in the PRC with most of its business transactions denominated in Renminbi. The Group is exposed to foreign exchange risk, arising from the exposure of Hong Kong dollars against Renminbi. The Group has not used any forward contracts or currency borrowings to hedge its foreign exchange risk.



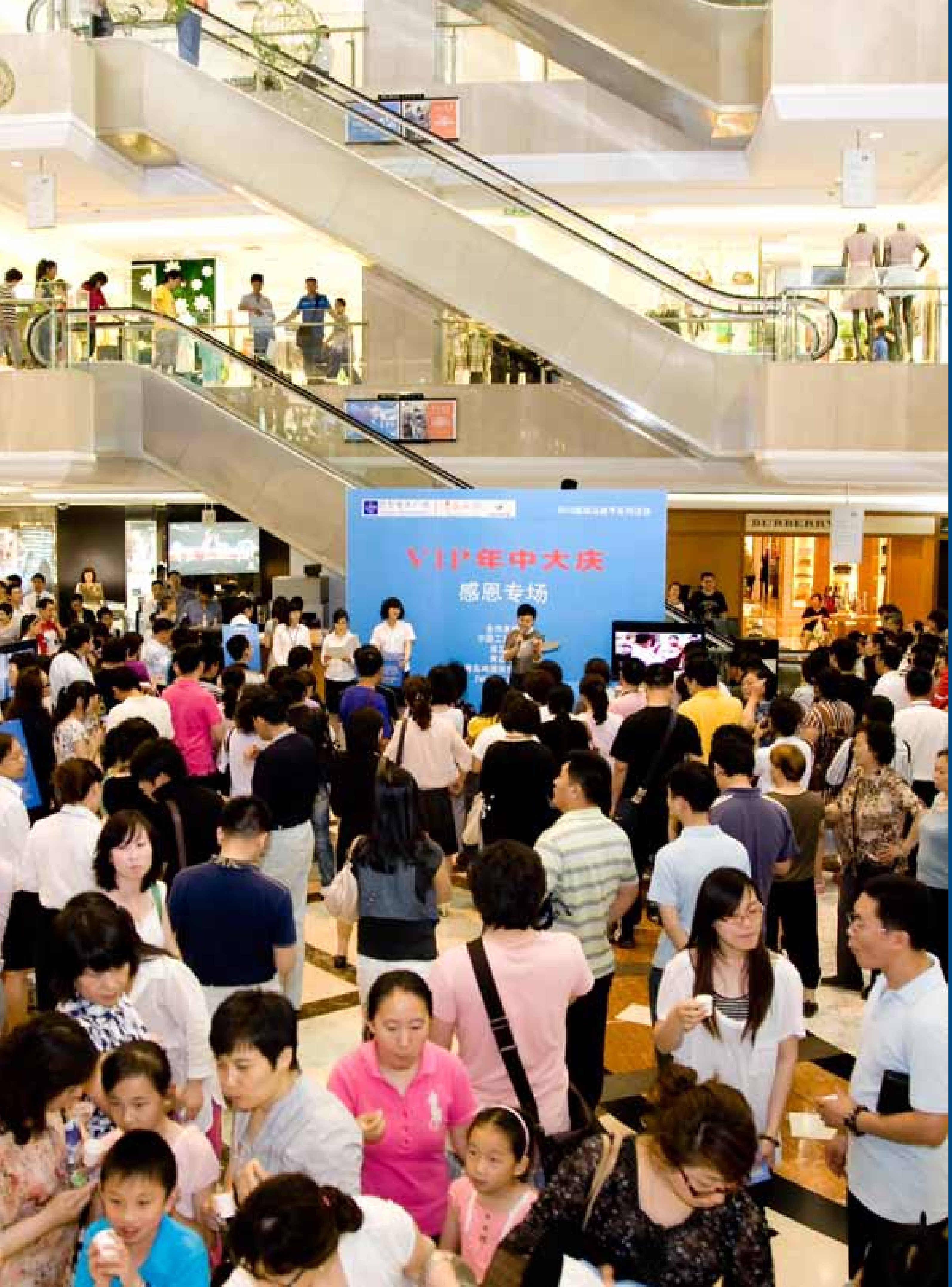
CORPORATE GOVERNANCE

The Group is committed to maintaining good corporate governance. The Company's corporate governance practices are based on the principles and code provisions set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange Hong Kong Limited ("Listing Rules").

In the opinion of the Directors, the Group was in compliance with the CG Code throughout 1H10.

The Group has adopted the Model Code for securities transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. The Company has made specific inquiry of all Directors for the six months ended 30 June 2010, and they have each confirmed their compliance with the required standards set out in the Model Code and its code of conduct regarding Directors' security transactions.

The Audit Committee, comprising all three Independent Non-executive Directors of the Company, has reviewed the unaudited interim financial information for the six months ended 30 June 2010.

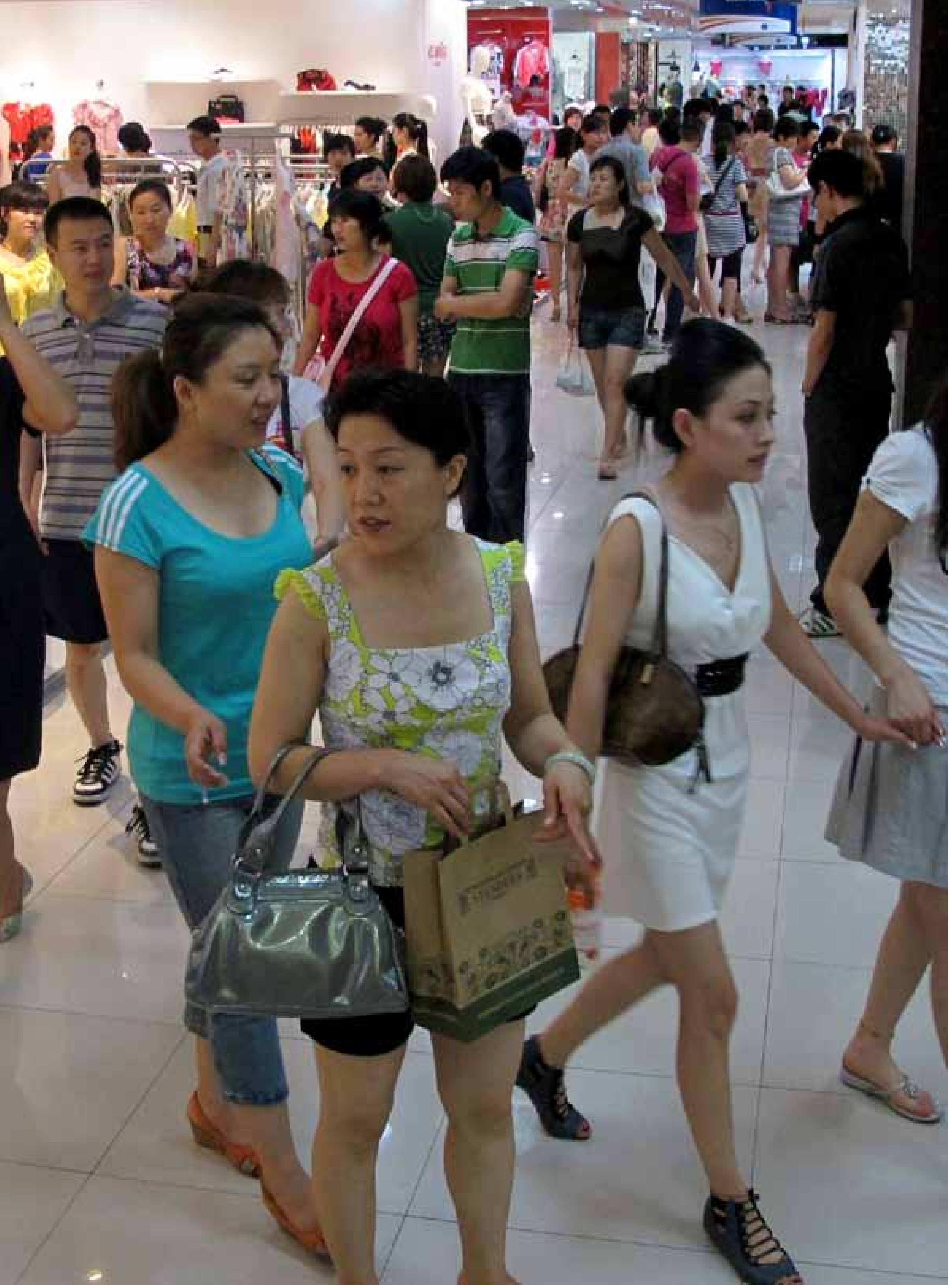


FINANCIAL REPORT

PCD STORES (GROUP) LIMITED

Report and Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2010



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF PCD STORES (GROUP) LIMITED

Introduction

We have reviewed the interim financial information set out on pages 18 to 35, which comprises the interim condensed consolidated statement of financial position of PCD Stores (Group) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 June 2010 and the related interim condensed consolidated income statement ,interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
24 August 2010

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Notes	Six months ended 30.6.2010 RMB'000 (unaudited)	Six months ended 30.6.2009 RMB'000 (audited)
Revenue	3	421,138	358,876
Other income	4	44,336	43,244
Change in fair value of investment property		10,000	20,000
Purchase of and changes in inventories		(69,545)	(63,637)
Gain on disposal of a subsidiary	5	729	-
Employee benefits expense		(52,911)	(47,524)
Depreciation and amortisation		(17,470)	(16,140)
Operating lease rental expense		(50,562)	(47,644)
Other expenses	6	(67,287)	(61,133)
Finance costs	7	(13,320)	(23,667)
Profit before tax		205,108	162,375
Income tax charge	8	(58,321)	(38,256)
Profit for the period		146,787	124,119
Profit for the period attributable to:			
Owners of the Company		146,796	123,834
Non-controlling interests		(9)	285
		146,787	124,119
Earnings per share			
Basic (RMB cents)	10	3.48	4.13
Diluted (RMB cents)	10	3.48	N/A

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Six months ended 30.6.2010 RMB'000 (unaudited)	Six months ended 30.6.2009 RMB'000 (audited)
Profit for the period	146,787	124,119
Other comprehensive loss		
Exchange differences arising on translation	(13,625)	-
Total comprehensive income for the period	133,162	124,119
Attributable to:		
Owners of the Company	133,171	123,834
Non-controlling interests	(9)	285
	133,162	124,119

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2010

	Notes	30.6.2010	31.12.2009
		RMB'000	RMB'000
		(unaudited)	(audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	1,493,988	699,482
Prepayment for acquisition of property, plant and equipment		30,000	-
Investment property	11	520,000	510,000
Land use rights		63,412	64,417
Goodwill	5	-	2,008
Long-term prepaid rental		30,192	39,443
Deferred tax assets		3,238	3,416
Restricted bank balances		12,000	12,000
		2,152,830	1,330,766
CURRENT ASSETS			
Inventories		36,060	33,871
Prepayments, trade and other receivables	12	87,505	67,919
Land use rights		2,013	2,013
Amounts due from related parties	18(c)	16,668	17,328
Restricted bank balances		23,988	-
Held-for-trading investments	13	35,184	-
Bank balances and cash		1,474,537	1,963,877
		1,675,955	2,085,008
CURRENT LIABILITIES			
Trade and other payables	14	524,436	575,246
Tax payable		18,865	13,805
Bank borrowings - due within one year	15	359,820	261,930
Amounts due to related parties	18(c)	21,944	162,105
		925,065	1,013,086

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued

AT 30 JUNE 2010

	Notes	30.6.2010	31.12.2009
		RMB'000	RMB'000
		(unaudited)	(audited)
NET CURRENT ASSETS		750,890	1,071,922
TOTAL ASSETS LESS CURRENT LIABILITIES		2,903,720	2,402,688
NON-CURRENT LIABILITIES			
Bank borrowings - due after one year	15	236,640	258,276
Deferred tax liabilities		95,049	88,480
		331,689	346,756
		2,572,031	2,055,932
CAPITAL AND RESERVES			
Share capital	16	144,271	136,590
Share premium and reserves		2,427,248	1,917,850
Equity attributable to owners of the Company		2,571,519	2,054,440
Non-controlling interests		512	1,492
		2,572,031	2,055,932

Chan Kai Tai Alfred
Chairman and
Executive Director

Tan Han Kiat Edward
Executive Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

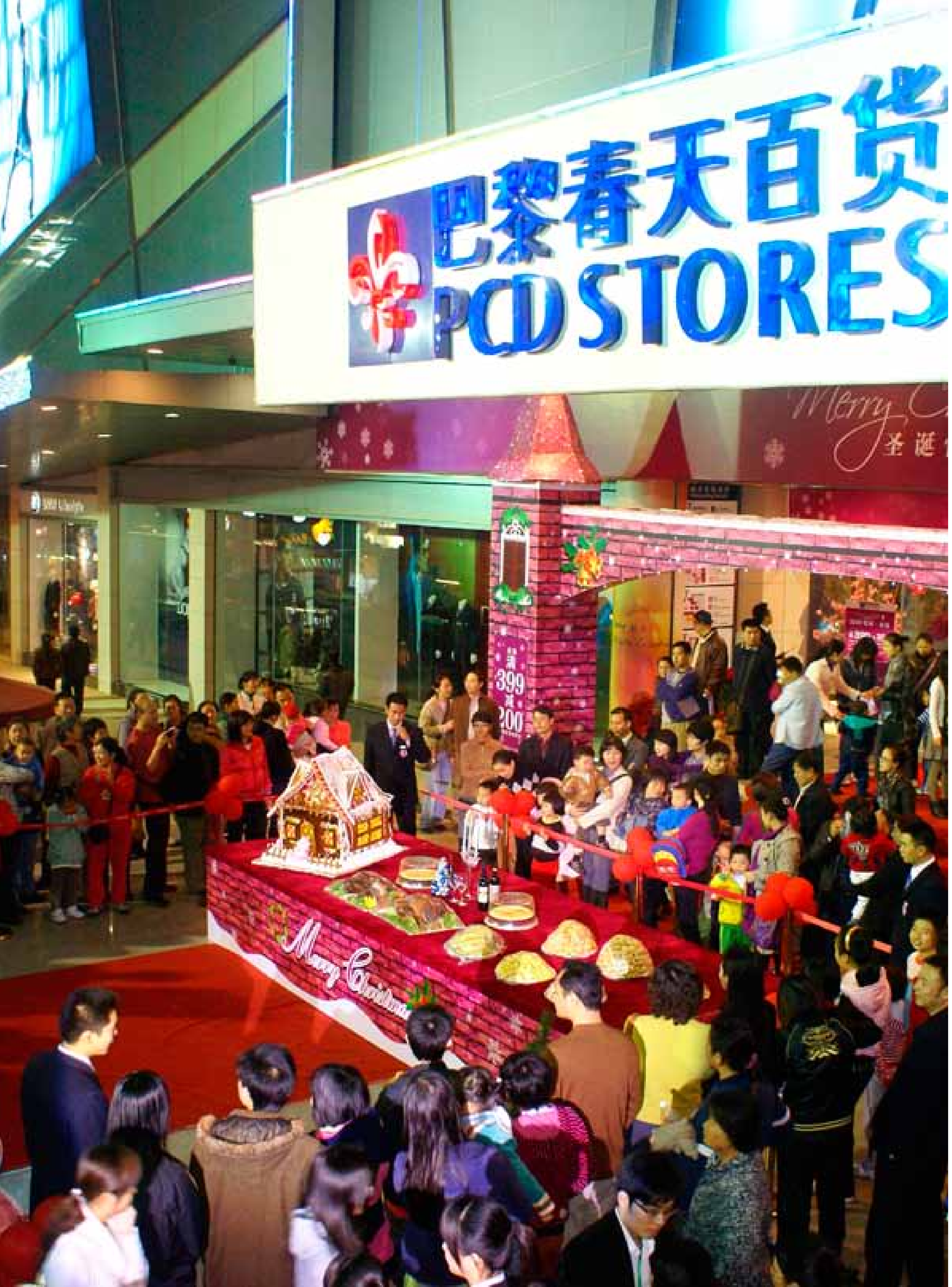
FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Attributable to the owners of the Company									
	Share capital	*Share premium*	*Other reserve*	*Statutory surplus reserve*	*Share options reserve*	*Translation reserve*	*Retained earnings*	*Subtotal*	*Non-controlling interests*	*Total*
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2009 (audited)	382	-	(146,723)	57,096	-	-	241,831	152,586	948	153,534
Profit for the period and total comprehensive income for the period	-	-	-	-	-	-	123,834	123,834	285	124,119
Appropriations	-	-	-	11,309	-	-	(11,309)	-	-	-
At 30 June 2009 (audited)	382	-	(146,723)	68,405	-	-	354,356	276,420	1,233	277,653
At 1 January 2010 (audited)	136,590	1,522,866	(146,723)	69,161	701	-	471,845	2,054,440	1,492	2,055,932
Profit for the period		-	-	-	-	-	146,796	146,796	(9)	146,787
Exchange differences arising on translation	-	-	-	-	-	(13,625)	-	(13,625)	-	(13,625)
Total comprehensive income for the period		-	-	-	-	(13,625)	146,796	133,171	(9)	133,162
Issue of new shares	7,681	367,151	-	-	-	-	-	374,832	-	374,832
Recognition of equity-settled share option	-	-	-	-	9,076	-	-	9,076	-	9,076
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(971)	(971)
At 30 June 2010 (unaudited)	144,271	1,890,017	(146,723)	69,161	9,777	(13,625)	618,641	2,571,519	512	2,572,031

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Six months ended	
	30.6.2010	*30.6.2009*
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
NET CASH FROM (USED IN) OPERATING ACTIVITIES	65,440	(61,853)
NET CASH USED IN INVESTING ACTIVITIES		
Interest received	2,065	563
Purchases of property, plant and equipment	(964,059)	(4,253)
Advance to related parties	-	(422,197)
Proceeds from disposal of property, plant and equipment	28	-
Proceeds from disposal of a subsidiary	8,115	-
Increase in restricted bank balances	(23,988)	-
	(977,839)	(425,887)
NET CASH FROM FINANCING ACTIVITIES		
Proceeds from issue of new shares	374,832	-
Interest paid	(13,363)	(23,667)
New bank borrowings raised	623,354	770,750
Repayment of bank borrowings	(547,100)	(275,644)
	437,723	471,439
NET DECREASE IN CASH AND CASH EQUIVALENTS	(474,676)	(16,301)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	1,963,877	110,277
Effect of foreign exchange rate changes	(14,664)	18
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by		
Bank balances and cash	1,474,537	93,994



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2010

1. BASIS OF PREPARATION

The interim 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 International Accounting Standard 34, Interim Financial Reporting.

2. PRINCIPAL ACCOUNTING POLICIES

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for investment property and certain financial instruments, which are measured at fair value.

The accounting policies used in the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2009, except as described below.

In the current interim period, the Group has applied, for the first time, a number of revised standards, amendments and interpretation ("new and revised IFRSs") issued by International Accounting Standards Board.

The Group applies IFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in IAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there was no transaction during the current interim period in which IFRS 3 (Revised) and IAS 27 (Revised) are applicable, the application of IFRS 3 (Revised), IAS 27 (Revised) and the consequential amendments to other IFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which IFRS 3 (Revised), IAS 27 (Revised) and the consequential amendments to the other IFRSs are applicable.

The application of the other new and revised IFRSs has had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied new and revised standards, amendments or interpretation that have been issued but are not yet effective. The directors of the Company anticipate that the application of those new and revised standards, amendments or interpretation will have no material impact on the results and the financial position of the Group.

3. REVENUE AND SEGMENT INFORMATION

Revenue includes commission income from concessionaire sales, sales of goods, rental income and management consultancy service income, and is analysed as follows:

	Six months ended 30.6.2010 RMB'000	Six months ended 30.6.2009 RMB'000
Commission income from concessionaire sales (Note)	256,021	232,558
Sales of goods	90,400	82,680
Rental income	16,204	14,787
Management consultancy service income	58,513	28,851
	421,138	358,876

Note:
The commission income from concessionaire sales is analysed as follows:

	Six months ended 30.6.2010 RMB'000	Six months ended 30.6.2009 RMB'000
Gross revenue from concessionaire sales	1,226,831	1,117,722
Commission income from concessionaire sales	256,021	232,558

IFRS 8 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 segments and to assess their performance. The information reported to the president of the Company, who is the Group's chief operating decision maker for the purpose of resource allocation and assessment of performance, is based on the revenue of each store and the consolidated profit for related period, representing the overall operation of the Group as a whole. As there is no other discrete financial information available for each store, no operating segment information is presented.

4. OTHER INCOME

	Six months ended 30.6.2010 RMB'000	Six months ended 30.6.2009 RMB'000
Property management income	8,373	7,716
Advertisement and promotion administration income	13,381	17,305
Display space leasing income	2,773	2,842
Interest income from a related party	-	2,450
Net foreign exchange gains	-	15
Bank interest income	5,645	563
Credit card handling income	7,008	6,072
Changes in fair value of held-for-trading investments	631	-
Others	6,525	6,281
	44,336	43,244

5. DISPOSAL OF A SUBSIDIARY

On 22 February 2010, the Group entered into an agreement to dispose of its entire interest in PCD Songbai Department Stores Co., Ltd. ("PCD Songbai") to Mr. Liu Jiaguang, an independent third party, with a cash consideration of approximately RMB10,745,000.

The net assets of PCD Songbai at the date of disposal are as follows:

	22.2.2010 RMB'000
Net assets disposed of	8,979
Attributable goodwill	2,008
Gain on disposal	729
Non-controlling interest	(971)
Total consideration	10,745
Satisfied by	
Cash	10,745
Net cash inflow arising on disposal	
Total cash consideration received	10,745
Bank balances and cash disposal of	(2,630)
	8,115

6. OTHER EXPENSES

Other expenses are analysed as follows:

	Six months ended 30.6.2010 RMB'000	Six months ended 30.6.2009 RMB'000
Auditors' remuneration	572	71
Professional service fee	1,166	2,014
Promotion, advertising and related expenses	11,075	10,236
Water, electricity and heating	13,510	13,933
Other taxes	15,913	13,716
Bank charges	10,827	8,795
Others	14,224	12,368
	67,287	61,133

7. FINANCE COSTS

	Six months ended 30.6.2010 RMB'000	Six months ended 30.6.2009 RMB'000
Interest expenses on:		
Bank borrowings, wholly repayable within five years	4,136	11,679
Bank borrowings, not wholly repayable within five years	9,184	11,988
	13,320	23,667

8. INCOME TAX CHARGE

	Six months ended	
	30.6.2010	*30.6.2009*
	RMB'000	*RMB'000*
The charge comprises:		
PRC Enterprise Income Tax	51,574	32,080
Deferred tax	6,747	6,176
	58,321	38,256

9. DIVIDENDS

The Board of Directors determined the payment of interim dividends for the six months ended 30 June 2010 of RMB1.5 cents per share (six months ended 30 June 2009: Nil) amounting to RMB63,375,000.

10. EARNINGS PER SHARE

	Six months ended	
Earnings	*30.6.2010*	*30.6.2009*
	RMB'000	RMB'000
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	146,796	123,834
Number of shares	*30.6.2010*	*30.6.2009*
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,218,785	3,000,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	4,218,785	N/A

The computation of diluted earnings per share for the six months ended 30 June 2010 has not assumed the exercise of share options of the Company because the exercise price of those options are higher than the average market price of shares during the period.

There was no potential ordinary shares in issue during the six months ended 30 June 2009.

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

During the period, the addition of the property ,plant and equipment of the Group amounted to RMB811,078,000 (six months ended 30 June 2009: RMB2,592,000),that are mainly related to construction and renovation of its department stores in order to expand and/ or upgrade its operating capabilities.

As at 30 June 2010, certain of the Group's buildings with an aggregate carrying amount of RMB361,420,000 (31 December 2009: RMB408,582,000) were pledged as security for bank loans of the Group.

As at 30 June 2010, the Group is in the process of obtaining the building certificate of a building with a carrying amount of RMB87,537,000 (31 December 2009 RMB89,114,000).

The Group's investment property was fair valued by DTZ Debenham Tie Leung Limited ("DTZ") at 30 June 2010, an independent qualified professional valuer. The valuation was arrived at on the basis of capitalisation of net rental income derived from the existing tenancy agreements with allowance for the reversionary income potential of the property. The resulting increase in fair value of investment property of RMB10,000,000 has been recognised directly in profit or loss for the six months ended 30 June 2010.

The investment property of the Group was pledged as security for bank loans of the Group.

12. PREPAYMENTS, TRADE AND OTHER RECEIVABLES

The following is an analysis of trade receivables by age, presented based on invoice date at the end of the reporting period and other receivables:

	30.6.2010	*31.12.2009*
	RMB'000	*RMB'000*
Trade receivables		
within 60 days	13,560	20,656
61 days to 120 days	3,183	3,086
	16,743	23,742
Prepaid rentals	48,948	55,273
Advances to suppliers	590	335
Prepaid value-added tax	30,546	6,702
Others	20,870	21,310
	117,697	107,362
Less: Long-term prepaid rentals	(30,192)	(39,443)
	87,505	67,919

13. HELD-FOR-TRADING INVESTMENTS

	30.6.2010	31.12.2009
	RMB'000	RMB'000
Debt securities	35,184	-

The amount was stated at fair value based on quoted market prices.

14. TRADE AND OTHER PAYABLES

The following is an analysis of trade payables by age, presented based on invoice date at the ending of the reporting period and other payables:

	30.6.2010	31.12.2009
	RMB'000	RMB'000
Trade payables		
within 60 days	231,984	280,916
61 days to 120 days	16,877	22,520
121 days to 1 year	4,492	4,238
Over 1 year	2,904	2,726
	256,257	310,400
Payable for purchase of property, plant and equipment	1,801	1,801
Accruals	8,276	15,230
Accrued staff costs	9,836	12,445
Deposits from concessionaire suppliers	28,892	26,800
Customer prepaid gift cards	189,735	172,567
Other PRC tax payable	7,805	13,987
Others	21,834	22,016
	268,179	264,846
	524,436	575,246

15. BANK BORROWINGS

	30.6.2010	31.12.2009
	RMB'000	RMB'000
Secured bank borrowings (Note)	596,460	520,206
Carrying amount repayable:		
Within one year	359,820	261,930
More than one year, but not exceeding two years	44,691	43,740
More than two years, but not exceeding five years	146,638	143,371
More than five years	45,311	71,165
	596,460	520,206
Less: Amounts due within one year shown under current liabilities	(359,820)	(261,930)
	236,640	258,276

The bank borrowings comprise:

	30.6.2010	31.12.2009
	RMB'000	RMB'000
Variable-rate borrowings	596,460	520,206

The effective interest rates, which are also equal to contracted interest rates, per annum at the respective reporting dates are as follows:

	30.6.2010	31.12.2009
	%	%
Variable-rate borrowings	4.860~6.712	4.375~6.712

Notes:

The loans were secured by certain property, plant and equipment, investment property, land use rights owned by the Group.

During the current period, the Group obtained new bank loans amounting to RMB623,354,000 (six months ended 30,June 2009: RMB770,750,000) and repaid bank loans amounting to RMB547,100,000(six months ended 30,June 2009: RMB275,644,000). The loans at 30 June 2010 carry interest at variable-rates ranging from 4.860%~6.712% and are repayable within one year .The proceeds were mainly invested in developing and constructing of Xian Phase II.

16. SHARE CAPITAL

The details of the Company's share capital are as follows:

	Number of shares	*Share capital*
		US$'000
Authorised		
Ordinary shares of US$0.005 each		
At 1 January 2009, 30 June 2009 and 30 June 2010	5,000,000,000	25,000
Issued and fully paid		
Ordinary shares of US$0.005 each		
At 1 January 2009 and 30 June 2009	10,200,000	51
Issue of new shares on 15 December 2009	1,000,000,000	5,000
Issue by capitalisation of share premium	2,989,800,000	14,949
At 31 December 2009	4,000,000,000	20,000
Issue of new shares on 5 January 2010	225,000,000	1,125
At 30 June 2010	4,225,000,000	21,125

	30.6.2010	*31.12.2009*
	RMB'000	*RMB'000*
Presented as	144,271	136,590

17. SHARE-BASED PAYMENTS

The Company has a share option scheme for eligible employees of the Group. Details of the share options outstanding during the current period are as follows:

	Number of share options
Outstanding at 1 January 2010	42,000,000
Granted during the period	950,000
Outstanding at 30 June 2010	42,950,000

The closing price of the Company's shares immediately before 1 April 2010, the date of grant, was HK$2.53.

In the current period, share options were granted on 1 April 2010. The fair value of the options determined at the date of grant using the Binomial model was HK$947,008. The key inputs into the model were as follows:

	1.4.2010
Exercise price	HK$2.67
Expected volatility	57.23%
Contractual life	10 Years
Risk-free rate	2.802%
Expected dividend yield	1.50%

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

At each end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit and loss, with a corresponding adjustment to the share options reserve.

18. RELATED PARTY DISCLOSURE

(a) Names and relationships with related parties are as follows:

Name	Relationship
Ports International Enterprises Limited ("PIEL")	Ultimate holding company, controlled by Alfred Chan and Edward Tan ("the Chan family")
Century Ports Apparel (Xiamen) Ltd. 世紀寶姿服裝（廈門）有限公司	Company controlled by PIEL
PCD Stores (Xiamen) Limited ("PCD Stores (Xiamen)") 廈門巴黎春天百貨有限公司	Company controlled by the Chan family
Scitech Group Company Limited 賽特集團有限公司	Company controlled by Alfred Chan and Edward Tan's immediate family members (the "broader Chan family")
Even Time Investments Limited	Company controlled by the broader Chan family
LDP Management Limited	Company controlled by the Chan family
Ports Fashion (Xiamen) Ltd. 黛美服飾 (廈門) 有限公司	Company controlled by the broader Chan family
Vivienne Tam Fashion (Xiamen) Limited 韋薇服飾 (廈門) 有限公司	Company controlled by the broader Chan family
Guiyang Guomao Guangchang Commercial Trading Co., Ltd. ("Guiyang Guomao") 貴陽國貿廣場商貿有限公司	Company controlled by the broader Chan family
Guiyang Nanguo Huajin Department Chun Tian Stores Limited ("Guiyang Nanguo Huajin") 貴陽南國花錦春天百貨有限公司	Company controlled by the broader Chan family
Liupanshui Guomao Guangchang Chun Tian Department Stores Limited ("Liupanshui Guomao") 六盤水國貿廣場春天百貨有限公司	Company controlled by the broader Chan family
Xiamen Ruijing Chun Tian Department Co., Ltd. ("PCD Ruijing") 廈門瑞景春天百貨有限公司	Company controlled by the broader Chan family

(b) The Group entered into the following significant transactions with related parties during the period:

	Six months ended	
	30.6.2010	*30.6.2009*
	RMB'000	*RMB'000*
Commission income		
Ports Fashion (Xiamen) Ltd.	478	548
Century Ports Apparel (Xiamen) Ltd.	6,424	7,982
Vivienne Tam Fashion (Xiamen) Limited	131	23
	7,033	8,553
Management consultancy service income		
Guiyang Guomao	6,831	5,900
Guiyang Nanguo Huajin	2,029	1,660
Liupanshui Guomao	900	60
PCD Ruijing	1,500	-
Even Time Investments Limited	4,772	-
LDP Management Limited	18,000	-
	34,032	7,620
Rental expense		
Scitech Group Company Limited	23,666	23,792
Interest income		
PCD Stores (Xiamen)	-	2,450

18. RELATED PARTY DISCLOSURE - continued

(c) At the end of the reporting period, the Group had the following balances with related parties:

Amounts due from related parties	30.6.2010	31.12.2009
	RMB'000	RMB'000
Trade nature		
Guiyang Guomao	3,060	1,966
Guiyang Nanguo Huajin	1,044	554
Liupanshui Guomao	443	20
PCD Ruijing	619	801
LDP Management Limited	9,000	13,987
Even Time Investments Limited	2,502	-
	16,668	17,328
Amounts due to related parties		
Trade nature		
Century Ports Apparel (Xiamen) Ltd.	8,176	9,206
Ports Fashion (Xiamen) Ltd.	749	761
Scitech Group Company Limited	12,853	28,907
Vivienne Tam Fashion (Xiamen) Limited	166	250
	21,944	39,124
Non-trade nature		
PCD Stores (Xiamen)	-	122,981
	21,944	162,105

(d) Compensation of key management personnel

The emoluments of key management during the period were as follows:

	Six months ended	
	30.6.2010	30.6.2009
	RMB'000	RMB'000
Short-term employee benefits	2,433	1,077
Post-employment benefits	158	60
Equity-settled share-based payments	686	-
	3,277	1,137

19. CAPITAL COMMITMENTS

	30.6.2010	31.12.2009
	RMB'000	RMB'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	162,210	603,497

20. EVENT AFTER THE END OF THE INTERIM PERIOD

On 7 August 2010, the Company entered into an acquisition agreement with LDP Management Limited, an entity wholly-owned by Alfred Chan and Edward Tan, pursuant to which and conditional on the independent shareholders' approval, the Company agreed to acquire the entire issued share capital of Goal Gain Investments Limited ("Goal Gain") for a total consideration of RMB 551,030,000, subject to any adjustment if the fair value of Goal Gain as determined by an independent valuer is lower than RMB 551,030,000. The acquisition has been approved by the Board of Directors and is subject to the approval of independent shareholders' approval at the Extraordinary General Meeting to be convened.

For the detailed information of the above acquisition agreement, please refer to the Company's announcement dated on 9 August 2010.

OTHER INFORMATION

The Directors submit their interim report together with the unaudited financial results of the Company and its subsidiaries (together with the Company, the "Group") for the six months ended 30 June 2010.

Interim Dividend and Closure of Register of Members

The earnings for the Group for the six months ended 30 June 2010 are RMB 146.8 million. The Directors have declared an interim dividend of RMB 0.015 per share for the six months ended 30 June 2010, totaling RMB63.4 million based on 4,225,000,000 ordinary shares in issue as at 30 June 2010.

The interim dividend will be payable on 15 December 2010 to shareholders. The register of members will be closed from 28 October 2010 to 31 October 2010, both days inclusive, during which period no transfer of shares can be effected.

In order to qualify for the above dividend, all transfers of shares accompanied by the requisite share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, 17M, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:00pm, 27 October 2010.

Directors

The Directors of the Company during the six months ended 30 June 2010 were:

Executive Directors	*Independent Non-Executive Directors*
Mr. Chan Kai Tai Alfred	Mr. Li Chang Qing
Mr. Tan Han Kiat Edward	Mr. Tai Ainsley
Mr. Lau Kim Yip Tony	Mr. Yu Randolph

Directors' and Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2010, the interests and short positions of each Director or executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporations of the Company (within the meaning of Part XV of the Securities and Futures Ordinance ("the SFO"), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

(i) Shares of the Company of US$0.005 each (the "Shares")

Name of shareholder	*Personal interest*	*Corporate interest*	*Total interest*	*% of total issued*
Mr. Chan Kai Tai Alfred[1]	0	1,671,709,919	1,671,709,919	39.57%
Mr. Tan Han Kiat Edward[1]	0	1,671,709,919	1,671,709,919	39.57%
Mr. Lau Kim Yip Tony	950,000[2]	0	950,000	0.02%
Mr. Li Chang Qing	200,000[2]	0	200,000	0.005%
Mr. Tai Ainsley	200,000[2]	0	200,000	0.005%
Mr. Yu Randolph	200,000[2]	0	200,000	0.005%

Notes:

1. Mr. Chan Kai Tai Alfred and Mr Tan Han Kiat Edward interests in 1,594,139,851 Shares are held through Bluestone Global Holdings Limited ("Bluestone") of which the issued share capital is 100% owned by Ports International Enterprises Limited, where its issued share capital is owned as to 50% by each of them respectively. The remaining 77,570,068 Shares are held through Portico Global Limited, a company ultimately controlled by the Chan family.
2. These interests represent interest in options granted by the Company under its Share Option Scheme("Scheme").

(ii) Share Options ("Options")

Name of Option holder	*Number of outstanding Options*	*% of total issued shares*
Mr. Lau Kim Yip Tony	950,000	0.02%
Mr. Li Chang Qing	200,000	0.005%
Mr. Tai Ainsley	200,000	0.005%
Mr. Yu Randolph	200,000	0.005%

As at 30 June 2010, other than the holdings disclosed above, none of the Directors or executives of the Company or their respective associates had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Options Scheme

Details of the Options outstanding as at 30 June 2010 under the Scheme were as follows:

Options granted on 17 December 2009

	Options held at 1/1/10	*Options granted during the period*	*Options exercised during the period*	*Options cancelled during the period*	*Exercise price per option (HK$)2*	*Options held at 30/6/10*	*Exercisable from*	*Exercisable until*
Mr. Chan Kai Tai Alfred	0	0	0	0	2.36	0	N/A	N/A
Mr. Tan Han Kiat Edward	0	0	0	0	2.36	0	N/A	N/A
Mr. Li Chang Qing	200,000	0	0	0	2.36	200,000	17 Dec 2009	16 Dec 2019
Mr. Tai Ainsley	200,000	0	0	0	2.36	200,000	17 Dec 2009	16 Dec 2019
Mr. Yu Randolph	200,000	0	0	0	2.36	200,000	17 Dec 2009	16 Dec 2019

Options granted on 1 April 2010

	Options held at 1/1/10	*Options granted during the period*	*Options exercised during the period*	*Options cancelled during the period*	*Exercise price per option (HK$)2*	*Options held at 30/6/10*	*Exercisable from*	*Exercisable until*
Mr. Lau Kim Yip Tony	0	950,000	0	0	2.67	950,000	1 Apr 2010	31 Mar 2020

Share Options Scheme - continued

On and subject to the terms of the Scheme, the Options shall only be exercisable in respect of such part thereof that has been vested in accordance with the following manner:

Fraction of the Shares covered under the Option	*Vesting date*
1/3	First anniversary of the offer date
1/3	Second anniversary of the offer date
1/3	Third anniversary of the offer date

The Board of Directors may in its absolute discretion relax or accelerate all or any of the above vesting periods in such manner as it may deem fit.

Substantial Shareholders

The Company has been notified that, as at 30 June 2010, persons (other than Directors or executives of the Company) who had interests or short positions in the Shares and underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of shareholder	*Capacity*	*Total number of shares held*	*% of issued share capital*
Bluestone Global Holdings Limited[1]	Beneficial Owner	1,594,139,851 (L)	37.73% (L)
Ports International Enterprises Limited	Interest of Controlled Corporation	1,594,139,851 (L)	37.73% (L)
Credit Suisse (Hong Kong) Limited[2]	Controlled Corporation	532,736,710 (L)	13.32% (L)
		225,000,000 (S)	5.63% (S)
Schroder Investment Management (Hong Kong) Limited	Investment Manager	298,544,000 (L)	7.06% (L)
JPMorgan Chase & Co.	Investment	251,110,000 (L)	5.94% (L)
	Manager	226,534,000 (P)	5.36% (P)

(L) = Long Position; (S) = Short Position; (P) = Lending Pool

Notes:

1. PIEL is deemed to be interested in the 1,594,139,851 Shares held by Bluestone by virtue of PIEL's interest in Bluestone.
2. Credit Suisse's interests are held through its various group companies, namely Credit Suisse (Hong Kong) Limited, Credit Suisse (International) Holding AG and Credit Suisse AG.

Save as disclosed above, the Company had not been notified of any other interests or short positions in the Shares or underlying Shares of the Company as at 30 June 2010 as recorded on the register required to be kept under section 336 of the SFO.

Directors' Interests in Contracts of Significance

CONNECTED TRANSACTIONS

1. Option granted by PCD Stores (Xiamen) Limited ("PCD Stores (Xiamen)"): relating to Xiamen Ruijing

   Pursuant to an option agreement dated 29 November 2009, PCD Stores (Xiamen) granted the Group an option to acquire all of their equity interests in Xiamen Ruijing for a consideration that equals the lower of (i) the cost of investment incurred by the Company's controlling shareholders in Xiamen Ruijing and (ii) the prevailing fair market value of Xiamen Ruijing as determined by an independent firm of international valuers.

   The Directors are still of the opinion to exercise the Ruijing Option as soon as practicable upon the obtaining of the approval of the provincial level of the Ministry of Commerce for the transfer of the equity interests in Xiamen Ruijing to our Group. As of the date of this report, the Group has not yet received notice from PCD Stores (Xiamen) that the approval has been obtained.

2. Option granted by Guangchang: relating to Guiyang Guomao, Guiyang Nanguo Huajin, Guomao Liupanshui

   On 29 November 2009, Guangchang, a company ultimately 51% owned by LDP Management Limited ("LDP"), has granted the Group an option (the ''Guangchang Option'') giving the Group the right to:

   - require Guangchang to grant the Group a lease for a term of 10 years at no more than the prevailing market rate in relation to the part of the premises which is occupied by Guiyang Guomao and in relation to the store premises on which Guiyang Nanguo Huajin operates, both of which are owned by Guangchang; and

   - require the Guangchang group to sub-lease or procure the sub-leasing to us for terms no less favourable to the relevant existing head leases or assign their rights under such head leases in respect of the remaining part of the premises which are occupied by Guiyang Guomao and the premises which are occupied by Guomao Liupanshui, both of which the Guangchang group leases from independent third parties.

   The exercise of the Guangchang Option will be at the payment of prevailing fair market value of the leases or sub-leases as determined by an independent firm of international valuers. The Group will be required to pay rent according to the terms of the relevant leases and subleases. In addition, if the Group finds it appropriate, require the Guangchang group to (a) sell to the Group fixtures and fittings at the Guangchang premises at prevailing fair market value, (b) use reasonable endeavours to assign to the Group their operating rights and their rights under the concessionaire agreements in relation to the three stores at nil consideration; and (c) sell to the Group all or part of the inventories owned by the Guangchang group at the prevailing fair market value.

   On the same day, 29 November 2009, LDP has granted the Group an additional right, on or after our exercise of the Guangchang Option upon other certain conditions having been fulfilled , to acquire all of its interest in Goal Gain, the 51% indirect equity holder of Guangchang for a consideration that equals the lower of (i) the cost of investment incurred by LDP in relation to Guiyang Guomao PCD; and (ii) the prevailing fair market value of the interest being transferred as determined by an independent firm of international valuers("Guangchang Second Option").

   On 7 August 2010, the Deed of Termination and Amendment was signed between, amongst others, the Company, Guangchang and LDP, pursuant to which, subject to the independent shareholders' approval, (i) the Guangchang Option was terminated, and (ii) specific terms of the Guangchang Second Option were amended ("Goal Gain Option"). On the same day, pursuant to the exercise notice under the Goal Gain Option, the Company entered into the Acquisition Agreement with LDP, pursuant to which the Company conditionally agreed to acquire, and LDP conditionally agreed to sell, the entire issued share capital of Goal Gain for a total consideration of RMB551,030,251.30.

CONNECTED TRANSACTIONS - continued

3. Option granted by Double Eight Enterprises Limited ("Double Eight"): Bund project
   The controlling shareholders commenced negotiations in relation to a Bund project (proposed to be situated at No. 27 Zhongshan Dongyi Road, Shanghai and No. 31–91, Beijing East Road, Shanghai) with various independent third parties around the third quarter of 2008. The process requires participation from and agreement among a number of independent third parties, the progress of finalizing the definitive agreement will remain complex and involve lengthy and protracted discussions between the parties.

   Pursuant to an option agreement dated 29 November 2009, Double Eight, a company indirectly owned by the Chan family, has granted the Group an option to acquire all of its shares in PCD China Ventures, a wholly-owned subsidiary of Double Eight, for a consideration that equals the lower of (i) the cost of investment incurred by the Company's controlling shareholders in PCD China Ventures and (ii) the prevailing fair market value of PCD China Ventures as determined by an independent firm of international valuers (the ''Bund Option'').

   As of the date of the report, the Group has not received notice that all definitive agreements relating to the Bund Project has been finalized.

CONTINUING CONNECTED TRANSACTIONS

1. Management agreement with Xiamen Ruijing
   On 26 February 2009, the Group entered into a management agreement with Xiamen Ruijing, a company ultimately controlled by Mr. Chan Kai Tai Alfred and Mr. Tan Han Kiat Edward, both the Company's indirect controlling shareholders, entered into a management agreement (the ''Ruijing Management Agreement''). Pursuant to the Ruijing Management Agreement, the Group agreed to provide management consultancy services to Ruijing in return for an annual management fee of 2.5% of the GSP of PCD Ruijing with a minimum management fee of RMB 3.0 million per year.

   The Ruijing Management Agreement took effect from 1 March 2009 and will end on 31 December 2011. The Ruijing Management Agreement will be automatically renewed every three years subject to compliance with Chapter 14A of the Listing Rules by the Company on substantially the same terms, except that the minimum fee will not be applicable upon renewal.

   The total amount received by the Group under the Ruijing Management Agreement was approximately RMB 1.5 million for the six months ended 30 June 2010.

2. Master Management Agreement with Guangchang
   On 29 November 2009, the Group entered into a master management agreement with Guangchang (the "Guangchang Master Management Agreement''). Under the terms of the management agreements entered into pursuant to the Guangchang Master Management Agreement, the Group agreed to provide consulting and management consultancy services, including but not limited to advice on logistics infrastructure, management, marketing, merchandising and business plans and assistance on the implementation of such advice, to Guangchang or its subsidiaries in relation to the relevant department stores, such as Guiyang Guomao, Guiyang Nanguo Huajin and Guomao Liupanshui, for an annual management fee of 2.5% of the GSP of the relevant department stores with a minimum management fee at an agreed figure.

   The Guangchang Master Management Agreement took effect from 29 November 2009 for a period of three years and will end on 31 December 2011. The Guangchang Master Management Agreement will be automatically renewed every three years subject to compliance with Chapter 14A of the Listing Rules by the Company on substantially the same terms, except that the minimum fee will not be applicable upon renewal.

   The total amount received by the Group under the Guangchang Master Management Agreement was approximately RMB 9.8 million for the six months ended 30 June 2010.

3. Concessionaire Arrangement with PDL group: Commission Arrangement
   On 29 November 2009, the Company entered into a master concessionaire agreement with Ports Design Limited ("PDL"), a company which PIEL (which is in turn wholly owned by Mr. Chan Kai Tai Alfred and Mr. Tan Han Kiat Edward (the ''Master PDL Agreement'')), pursuant to which PDL agreed to procure their subsidiaries, and the Group agreed to procure our subsidiaries to enter into various concessionaire agreements with PDL group, which primarily engages in the design, manufacture, distribution and retail of ladies' and men's fashion garments and the sale of accessories such as shoes, handbags, scarves and fragrances in China and, more recently, in Hong Kong, under the brand name PORTS. In accordance with the concessionaire agreements, the Group agreed to provide certain designated counters within our various department stores to PDL group for sale of their clothing, accessories and apparels.

   The Master PDL Agreement took effect from 29 November 2009 and will end on 31 December 2011, subject to compliance with Chapter 14A of the Listing Rules by PDL.

   The total amount received by the Group under the Master PDL Agreement was approximately RMB 7.0 million for the six months ended 30 June 2010.

4. Lease Agreement with Scitech Group Co., Ltd. ("Scitech Group")
   (a) Department Store Lease
       On 17 August 2007, Scitech Group, a company owned as to 85% by Mr. Chan Kai Tai Alfred, Mr. Tan Han Kiat Edward and their respective immediate families, entered into a lease, as subsequently amended by various supplemental agreements, with the Group (the ''Department Store Lease''), pursuant to which Scitech Group agreed to grant the Group a lease with effect from 1 July 2007 for the Scitech Plaza, which is not subject to any periodic review until the end of the term of twelve years. Under the Department Store Lease, Scitech Group further agreed to grant to the Group the right to use and/or sub-licence the ''Scitech'' trademark in connection with Scitech Plaza and any outlet malls in the PRC operated or managed by the Group.

       The total amount paid by the Group under the Department Store Lease was approximately RMB 22.9 million for the six months ended 30 June 2010.

   (b) Office Lease
       Scitech Group entered into a lease with the Group (the ''Office Lease''), pursuant to which Scitech Group agreed to grant to the Group a lease with effect from 5 July 2007 for office space within the Scitech Complex for an aggregate yearly rent of approximately RMB 1.7 million. The Office Lease shall be valid from 5 July 2007 to 31 December 2011.

       The total amount paid by the Group under the Office Lease was approximately RMB 0.8 million for the six months ended 30 June 2010.

Directors' Interests in Contracts of Significance - continued

CONTINUING CONNECTED TRANSACTIONS - continued

5. Management Agreement with Even Time

   On 29 November 2009, the Group entered into a management agreement (the ''Outlet Mall Management Agreement'') with Even Time, which is directly held as to 100% by Ms. Jenny Tan, the daughter of Tan Han Kiat Edward, on trust for and on behalf of LDP. Pursuant to the Outlet Mall Management Agreement, we agreed to provide management consultancy services to Even Time or its subsidiary in return for an annual management fee calculated on the basis of 2% of the GSP of Beijing Outlet in each financial year.

   The Outlet Mall Management Agreement took effect for a period from 1 July 2009 and will end on 31 December 2011. The Outlet Mall Management Agreement will be automatically renewed every three years on substantially the same terms subject to compliance with Chapter 14A of the Listing Rules by the Company.

   The total amount received by the Group under the Outlet Mall Management Agreement was approximately RMB 4.8 million for the six months ended 30 June 2010.

6. General Outlet Services Agreement with LDP

   The Group entered into a general outlet services agreement (the ''General Outlet Services Agreement'') with LDP, which took effect as of 1 July 2009, pursuant to which the Group agreed to provide various services to LDP in return for a service fee of RMB 36.0 million per year. Pursuant to the General Outlet Services Agreement, the Group will provide services to LDP, which includes, among other things, identifying and advising on no less than two potential opportunities on average per year in relation to acquisition of properties suitable for the operation of outlet malls in the PRC, preparing feasibility reports and coordinating detailed proposals in relation to such opportunities, preparing financial and business projections in relation to the acquisition of such properties, and providing general consultancy services in these respect.

   The General Outlet Services Agreement took effect from 1 July 2009 and will end on 31 December 2011. The General Outlet Services Agreement will be automatically renewed upon the expiry of its term for an additional two terms of three years subject to compliance with Chapter 14A of the Listing Rules by the Company on substantially the same terms, except that the service fee shall be amended to RMB 1.5 million per month plus 1.5% of the GSP of the outlet malls operated on the property of which are owned by LDP or its subsidiaries.

   The total amount received by the Group under the General Outlet Services Agreement was approximately RMB 18.0 million for the six months ended 30 June 2010.

In the opinion of the Independent Non-executive Directors, the continuing connected transactions for the six months ended 30 June 2010 were entered into by the Group:

- in the ordinary and usual course of its business;

- either on normal commercial terms or, where there are no sufficient comparable transactions, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and

- in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Purchase, Sale or Redemption of the Group's Listed Securities

During the six months ended 30 June 2010, the Company had not redeemed, and neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities.

Retirement Scheme

The Group participates in the Pension Plan Benefit Scheme mandated by the PRC government for its employees based in the PRC and the Mandatory Provident Plan mandated by the Hong Kong Government for its employees in Hong Kong.

Pledging of Shares by Controlling Shareholders

The controlling shareholders of the Company have not pledged any of their interests in Shares of the Group to any third party.

Sufficiency of Public Float

As at 25 August 2010, based on the information publicly available to the Company and within the knowledge of the Directors, 60.43% of the Shares were publicly held.

Pre-emptive Rights

There is no provision regarding pre-emptive rights within the Articles of the Company and the laws of the Cayman Islands.

CORPORATE INFORMATION

Directors
Executive Directors:
Mr. Chan Kai Tai Alfred (Chairman and Executive Director)
Mr. Tan Han Kiat Edward (Executive Director)
Mr. Lau Kim Yip Tony (Executive Director)

Independent Non-Executive Directors:
Mr. Li Chang Qing
Mr. Ainsley Tai
Mr. Randolph Yu

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Company Secretary
Ms. Charlotte Su, Shaohua (HKICPA, CICPA, MPAcc)

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Ms. Charlotte Su, Shaohua
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North Point
Hong Kong

Audit Committee
Mr. Li Chang Qing (Chairman)
Mr. Ainsley Tai
Mr. Randolph Yu

Remuneration Committee
Mr. Ainsley Tai (Chairman)
Mr. Li Chang Qing
Mr. Chan Kai Tai Alfred

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Principal Bankers
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