

PCD STORES (GROUP) LIMITED

INTERIM REPORT 2011

 中國春天百貨集團有限公司*
PCD Stores (Group) Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 331)

* For identification purpose only

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CORPORATE PROFILE

PCD Stores (Group) Limited (the "Group") operates a rapidly-growing network of department stores and outlet malls in China, offering a wide selection of high-end and luxury products as well as a sophisticated upscale shopping experience consistent with the branding and image of the merchandise in our stores, primarily targeting high-income earners.

We are an operator in the development and operation of a national department store plus outlet mall network within China. As of 30 June 2011, the Group operated 17 department stores and 1 outlet mall under the PCD and SCITECH brands in 8 Chinese provinces, with plans to foray into other provinces in the near future. Our principal business strategy is to provide Chinese consumers with high-end and luxury merchandise that is tailored to local market preferences, with the goal of becoming the leading high-end department store and outlet mall operator in China.



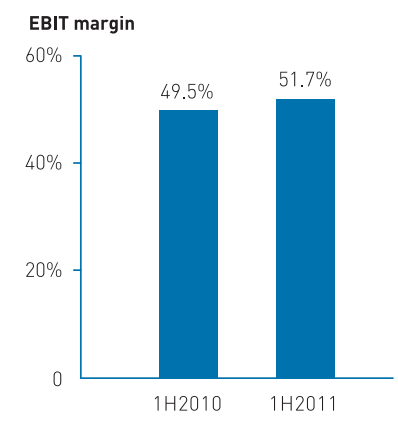
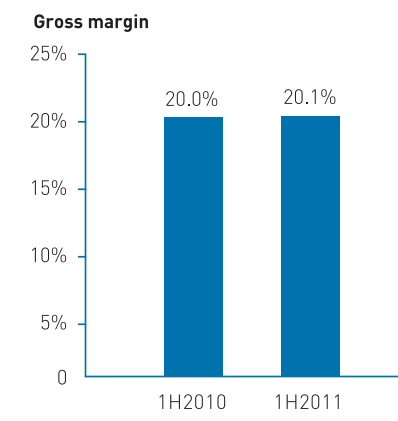
FINANCIAL HIGHLIGHTS

Revenue improved to RMB582.5 million, an increase of 12.8% Y-o-Y.

Gross sales proceeds increased by 8.5% Y-o-Y to RMB1,849.9 million.

Same store sales of our self-owned store network increased by 15.4% Y-o-Y.

Gross margin remained stable at 20.1%



EBIT margin increased by 220 basis points to 51.7%

EBIT was RMB301.0 million, representing a 17.9% Y-o-Y growth.

Net profit reached RMB194.4 million, up 13.0% Y-o-Y.

Net profit margin remained strong at 33.4%.

EPS increased by 12.3% Y-o-Y, reaching RMB4.29 cents.

An interim dividend of RMB1.8 cents per share was declared.



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中国春天百货
PCD STORE



CHAIRMAN'S STATEMENT

Business Review

In the first half of 2011 ("1H2011"), the Group continued to improve on its operations and prepare for the planning of new store openings for the next twelve months. The Board of Directors is pleased to announce that the Group experienced healthy growth in its business, recording same store sales growth of 15.4% for our network of self-operated stores network. When taking into account the entire network of self-operated and managed stores, same store sales growth would have increased by 24.2%. The Group's revenue grew by 12.8% as compared with 1H2010, reaching RMB582.5 million in 1H2011 with the EBIT growth rate at 17.9%. Net profits of the Group reached RMB194.4 million, representing an increase of 13.0% over 1H2011. The Group's after tax net profit to its shareholders was RMB181.3 million, representing an increase of 12.5% as compared with the same period in 2010.

While the Group continues to look for potential acquisitions of prime retail sites for our department store expansion, our network of managed stores is showing solid improvement and is considered to be our prime acquisition targets. To equip the Group with financial resources to capture potential investment opportunities, we issued a RMB750.0 million 3-year RMB-denominated guaranteed bond in February 2011. The successful issuance of the bonds helps diversify the Group's funding sources and provides a longer tenure loan profile, which matches our investment horizon. Although in the short run, the Group would incur additional finance costs, nonetheless, the additional funding equips us with financial capabilities to promptly take on attractive opportunities available in the market, which will help the Group deliver stronger profit growth in future. We will announce any potential acquisitions to our shareholders when appropriate.

The Group primarily targets the high-end customer segment, therefore, significant amount of resources have been devoted to improve the VIP customer experiences. At our flagship Beijing store, we recently launched our top-tier "Black Card Program" for our super VIPs. Qualified customers with annual spending of over RMB500,000 are invited to join the program. The Black Card Program aims to provide additional tailored services to our super VIPs, such as one-on-one concierge service and exclusive VIP events. Such program may be implemented in other parts of our network.

We continue to build our experiences and capabilities in developing our outlet mall business into a strong growth driver for the Company in the future. We are pleased to report to our shareholders that the growth momentum of the Beijing Scitech Premium Outlet Mall has remained strong since its opening. Despite increasing competition in the outlet mall business, the sales of our Beijing Scitech Premium Outlet Mall has grown at a rate of more than 70% for the first six months in 2011. The strong growth rate was a result of increasing market awareness of our outlet mall due to frequent marketing activities, improvements on the mall layout and hardware as well as the retail tenant mix and F&B (Food and Beverage) offerings. New brands added to our mall include Hugo Boss, Brooks Brothers, Aigle, Gant, Victorinox, Burgers & Beer, Yoshinoya and KFC. Many of the existing brands are performing well, and have requested expansion of their retail shops at the outlet mall. This bodes well for the future expansion of Phase 2 of the outlet mall.

Outlook

The Group is cautiously optimistic towards the second half of 2011 ("2H2011"). As evidenced by the global events in the past few months, the global economic environment is likely to remain volatile in the short run. Whilst we remain positive in the long-term growth prospect of China, the central government's policy on credit tightening and inflation control may potentially trigger unforeseen adverse impact on the domestic consumption market. We will continue to work on the planned new store opening, improve the operations of our existing network of stores and invest in new projects with a cautious approach.

In the fourth quarter of 2011 ("4Q2011"), the Group targets to open 1 new department store in Guiyang and 1 outlet mall in Qingdao. These two projects will add approximately 80,000 square meters of gross floor area to our self-operated stores network. The new store in Guiyang will further solidify our dominance in the department store market in this high-growth region. The new outlet mall in Qingdao will mark our first foray into tier-2 cities in China with our outlet format and provide us with valuable market knowledge. The feedback from our potential tenants, including brands such as Trussardi Jeans, CK Jeans, Esprit, Nike, Adidas, Dairy Queen, Starbucks, etc, is encouraging.

Encouraged by the strong performance of our Beijing Scitech Premium Outlet Mall, the management has commenced preparation work in connection with the potential acquisition of this outlet mall from our parent company. The management will present and explain the proposal to the shareholders for approval when the progress of requisite works is sufficiently advanced for

disclosure. We strongly believe that the outlet mall business will become a strong growth driver for the Group in the near future.

Looking ahead into 2012, we are planning to launch our PCD Shenyang Outlet and the enlarged PCD Xian Department Store ("PCD Xian"). PCD Xian will offer the most upscale shopping environment with a total gross floor area of more than 70,000 sqm while PCD Shenyang Outlet will be the first outlet mall in the city anchored with top-tier international brands. These projects will inject further growth momentum for the Group.

The Directors remain optimistic about the Group's business and have proposed to declare an interim dividend of RMB1.8 cents per share. With a prudent financial policy and expansion strategy, our Group continually strives to utilize its financial resources efficiently with the aim to increase profitability and earnings for our shareholders.



Alfred Chan Kai Tai
Chairman

25 August 2011
Xiamen, PRC

MANAGEMENT DISCUSSION & ANALYSIS

Financial Overview

In the 1H2011, the Group's revenue grew by 12.8% reaching Renminbi ("RMB") 582.5 million, as compared with RMB516.3 million for 1H2010. With a continuous success in cost control, the Group achieved an increase of 17.9% in operating profit (i.e. earnings before interest and tax ("EBIT")), giving an EBIT margin of 51.7% in 1H2011 as compared with 49.5% in the 1H2010.

With the issuance of a RMB750.0 million 3-year RMB-denominated guaranteed bonds ("RMB Bond") in February 2011, the Group is equipped financially to take on attractive investment opportunities available in the market.

Significant Change in Preparation Basis of Financial Statements

In September 2010, the Group acquired Goal Gain Investments Limited and its subsidiaries from our controlling shareholders, and therefore, the principles of merger accounting have been applied as the Group and Goal Gain were under common control. As a result, the consolidated financial statements of the Company for 1H2010 have been restated as if Goal Gain and its subsidiaries had been the subsidiaries of the Group throughout the six months period ended 30 June 2010, however, the accounting policies and methods of computation used are the same as those used in the preparation of the Group's annual consolidated financial statement for the year ended 31 December 2010.

Revenue

The Group's revenue grew by 12.8% to RMB582.5 million, representing an increase of RMB66.2 million as compared with 1H2010 (1H2010: RMB516.3 million). In

particular, the revenue stream from management consultancy services increased by RMB13.6 million or 27.0% due to increasing contribution from Beijing Scitech Premium Outlet Mall and other new managed stores. Same store sales growth for the Group was 15.4% for the six months ended 30 June 2011. The Group's gross sales proceeds ("GSP") reached RMB1,849.9 million in 1H2011, representing an increase of 8.5% or RMB144.8 million compared with the same period last year (1H2010: RMB1,705.1 million). The growth rate of GSP was lower than the same store sales growth rate due to the conversion of PCD Changchun into a managed store in December 2010, and thus, the GSP of PCD Changchun was not accounted for by the Group. Concessionaire sales contributed 91.2% of the total GSP and direct sales accounted for the remaining 8.8% in 1H2011 compared with 92.2% and 7.8% in the 1H2010, respectively. Gross margin (i.e. combination of concessionaire and direct sales margins) increased from 20.0% in 1H2010 to 20.1% in 1H2011.

Other Income

Other income increased by RMB9.3 million or 14.5% to RMB73.4 million as compared with RMB64.1 million in 1H2010, which was attributable to the additional interest income. As a percentage of revenue, other income rose from 12.4% to 12.6% as compared with 1H2010.

Purchase of Goods and Changes in Inventories

The purchase of goods and changes in inventories include costs incurred for direct sales and changes in inventories. Purchase of goods and changes in inventories were up by RMB22.8 million or 22.3% to RMB124.9 million, as compared with RMB102.1 million in 1H2010 due to the increase in sales of goods.

Employee Benefits Expense

Employee benefits expense increased by RMB4.8 million or 7.8%, from RMB61.0 million to RMB65.8 million when compared with 1H2010. The increase was primarily attributable to the increase in employee salary due to tightened labour market in the PRC. As a percentage of revenue, the employee benefits expense decreased from 11.8% to 11.3% as compared with 1H2010.

Depreciation and Amortization

Depreciation and amortization decreased by RMB0.4 million or 1.8%, from RMB25.1 million to RMB24.7 million as compared with 1H2010. The decrease was attributable to the exclusion of the depreciation expense on leasehold improvement of PCD Changchun as a result of converting the store into a managed store.

Operating Lease Rental Expense

Operating lease rental expense was RMB54.5 million, representing a decrease of RMB2.2 million or 3.9% when compared with 1H2010 (1H2010: RMB56.7 million). The decrease was attributable to the exclusion of the operating lease rental expenses of PCD Changchun, as a result of its conversion into a managed store. As a percentage of revenue, operating lease rental expense decreased from 11.0% to 9.3% when compared with 1H2010 due to the large proportion of rental expense being calculated on a fixed basis.

Other Operating Expenses

Other operating expenses increased by RMB4.6 million or 5.0%, from RMB90.8 million to RMB95.4 million as compared with 1H2010. The increase was mainly attributable to the elimination of exemption of tax tariffs in 2011. As a percentage of revenue, other operating expenses decreased from 17.6% to 16.4% when compared with 1H2010.

Finance Costs

Finance costs increased by RMB26.7 million or 183.1% to RMB41.3 million when compared with 1H2010 (1H2010: RMB14.6 million). This was mainly due to the increase in interest expenses related to additional bank borrowings to finance the acquisition of Guizhou stores in September 2010 as well as the issuance of RMB Bond in February 2011.

Income Tax Charge

The Group's income tax expense decreased by RMB3.4 million or 5.0% to RMB65.3 million when compared with 1H2010 (1H2010: RMB68.8 million). The effective tax rate in 1H2011 was 25.2%, which was lower than that of 28.6% in 1H2010 due to an one-off tax expense incurred in 1H2010.

Profit for 1H2011

As a result of the improvement in revenue and cost structure, despite the increase in finance cost, the profit for 1H2011 reached RMB194.4 million, representing an improvement of RMB22.4 million or 13.0% as compared with 1H2010 (1H2010: RMB172.0 million). As a percentage of revenue, profit for 1H2011 increased slightly from 33.3% to 33.4% as compared with 1H2010 due to increase in finance cost.

Profit Attributable to the Owners of the Company

Profit attributable to the owners of the Company increased by RMB20.2 million or 12.5% to RMB181.3 million, as compared with the same period last year (1H2010: RMB161.1 million).

MANAGEMENT DISCUSSION & ANALYSIS

Liquidity and Financial Resources

Bank balances and cash of the Group increased by RMB727.2 million or 51.9% to RMB2,129.2 million as compared with 1H2010 (1H2010: RMB1,401.9 million), which was mainly due to the cash proceeds received from the issuance of RMB Bond in February 2011.

The Group had RMB1,956.5 million of borrowings as at 30 June 2011, 28.8% of the total borrowings was bank borrowings repayable within one year; 12.0% was bank borrowings repayable within two to five years; 21.3% was bank borrowings not repayable within one year but contain a repayment on demand clause; and the remaining 37.9% was bond payable due in January 2014. The increase in outstanding loan of RMB860.7 million or 78.6% was mainly due to the issuance of RMB Bond in February 2011.

Capital Commitments

The capital commitments of the Group as at 30 June 2011 were RMB177.9 million.

Net Current Assets and Net Assets

The Group's net current assets as at 30 June 2011 were RMB815.1 million compared with net current liabilities of RMB78.4 million as at 31 December 2010. The increase in the net current assets was mainly attributable to the cash proceeds received from the issuance of RMB Bond in February 2011. Net assets of the Group reached RMB2,461.3 million as at 30 June 2011 compared with net assets of RMB2,365.5 million as at 31 December 2010 due to the increase in retained earnings of the Group.

The gearing ratio as at 30 June 2011 was 0.80, which was calculated by dividing total borrowings by total equity.

Pledge of Assets

As at 30 June 2011, certain of the Group's buildings with an aggregate carrying amount of RMB299.7 million (31 December 2010: RMB315.3 million) were pledged as security for the 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 2011, the total number of employees for the Group was approximately 2,150. The Group's remuneration policies are reviewed annually, and are formulated according to the experiences, skills and performance of individual employees, as well as market practices.

Contingent Liabilities

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

Treasury Policies

The Group mainly operates in the PRC with most of its business transactions denominated in RMB. Hence, the Group would be exposed to foreign exchange fluctuation and translation risk, arising from the exposure of Hong Kong dollar against RMB. The Group would consider using forward contracts or currency borrowings to hedge its foreign exchange risk as appropriate.

CORPORATE GOVERNANCE

The Group is committed to maintaining good corporate governance within the Group. 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 ("Listing Rules").

In the opinion of the Directors, the Group was in compliance with the CG Code throughout the first half of 2011 financial year.

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 period ended 30 June 2011, 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 2011.

FINANCIAL REPORT

PCD STORES (GROUP) LIMITED

Report and Condensed Consolidated Financial Statements
For the six months ended 30 June 2011

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

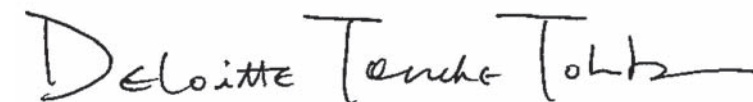
We have reviewed the interim financial information set out on pages 18 to 35, which comprises the condensed consolidated statement of financial position of PCD Stores (Group) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 June 2011 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and 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
Certified Public Accountants
Hong Kong
25 August 2011

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Notes	Six months ended	
		30 June 2011	30 June 2010
		RMB'000 (unaudited)	RMB'000 (unaudited and restated)
Revenue	3	582,457	516,259
Other income	4	73,359	64,086
Change in fair value of investment property		10,360	10,000
Purchase of and changes in inventories		(124,863)	(102,080)
Gain on disposal of a subsidiary		—	729
Employee benefits expense		(65,827)	(61,045)
Depreciation and amortisation		(24,651)	(25,097)
Operating lease rental expense		(54,455)	(56,678)
Other operating expenses	5	(95,415)	(90,833)
Finance costs	6	(41,253)	(14,572)
Profit before tax		259,712	240,769
Income tax charge	7	(65,329)	(68,770)
Profit for the period		194,383	171,999
Profit for the period attributable to:			
Owners of the Company		181,307	161,095
Non-controlling interests		13,076	10,904
		194,383	171,999
Earnings per share			
Basic (RMB cents)	9	4.29	3.82
Diluted (RMB cents)	9	4.29	3.82

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Six months ended	
	30 June 2011	30 June 2010
	RMB'000 (unaudited)	RMB'000 (unaudited and restated)
Profit for the period	194,383	171,999
Other comprehensive loss		
Exchange differences arising on translation	—	(13,625)
Total comprehensive income for the period	194,383	158,374
Total comprehensive income for the period attributable to:		
Owners of the Company	181,307	147,470
Non-controlling interests	13,076	10,904
	194,383	158,374

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2011

	Notes	30 June 2011	31 December 2010
		RMB'000 (unaudited)	RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,936,371	1,888,499
Prepayment for acquisition of property, plant and equipment		30,000	100,000
Investment properties	10	674,400	629,500
Land use rights		61,398	62,404
Interests in associate		1,500	—
Long-term prepaid rentals	11	1,122	702
Loan receivable		—	100,000
Deferred tax assets		10,412	12,105
Restricted bank balances		12,000	12,000
		<u>2,727,203</u>	<u>2,805,210</u>
CURRENT ASSETS			
Inventories		51,491	47,083
Prepayments, trade and other receivables	11	136,251	105,204
Land use rights		2,013	2,013
Loan receivable		100,000	—
Amounts due from related parties	18(c)	35,509	117,914
Held-for-trading investments	12	20,593	27,754
Restricted bank balances		118,568	115,714
Bank balances and cash		2,129,155	1,401,908
		<u>2,593,580</u>	<u>1,817,590</u>
CURRENT LIABILITIES			
Trade and other payables	13	747,528	940,320
Tax payable		27,873	43,871
Dividend payables		15,031	52
Borrowings — due within one year	14	980,020	838,931
Amounts due to related parties	18(c)	8,015	72,830
		<u>1,778,467</u>	<u>1,896,004</u>

	Notes	30 June 2011	31 December 2010
		RMB'000 (unaudited)	RMB'000 (audited)
NET CURRENT ASSETS (LIABILITIES)			
		815,113	(78,414)
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>3,542,316</u>	<u>2,726,796</u>
NON-CURRENT LIABILITIES			
Borrowings — due after one year	14	234,611	256,804
Deferred tax liabilities		104,575	104,460
Bonds payable	15	741,821	—
		<u>1,081,007</u>	<u>361,264</u>
		<u>2,461,309</u>	<u>2,365,532</u>
CAPITAL AND RESERVES			
Share capital	16	144,271	144,271
Share premium and reserves		2,302,027	2,196,493
Equity attributable to owners of the Company		<u>2,446,298</u>	<u>2,340,764</u>
Non-controlling interests		15,011	24,768
		<u>2,461,309</u>	<u>2,365,532</u>

The consolidated financial statements on page 18 to 35 were approved and authorised for issue by the board of directors on 25 August 2011 and are signed on its behalf by:



Chan Kai Tai Alfred
Chairman and
Executive Director



Tan Han Kiat Edward
Executive Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	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 2010 (restated)	136,590	1,522,866	(150,622)	73,490	701	—	480,588	2,063,612	25,862	2,089,474
Profit for the period (restated)	—	—	—	—	—	—	161,095	161,095	10,904	171,999
Exchange differences arising on translation	—	—	—	—	—	(13,625)	—	(13,625)	—	(13,625)
Total comprehensive income for the period	—	—	—	—	—	(13,625)	161,095	147,470	10,904	158,374
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)
Acquisition of additional interest in subsidiaries	—	—	(80,854)	—	—	—	—	(80,854)	(9,734)	(90,588)
Dividends paid by a subsidiary acquired through the business combination under common control	—	—	—	—	—	—	—	—	(11,445)	(11,445)
At 30 June 2010 (unaudited and restated)	144,271	1,890,017	(231,476)	73,490	9,777	(13,625)	641,683	2,514,136	14,616	2,528,752
At 1 January 2011 (audited)	144,271	1,890,017	(512,739)	80,847	18,655	(13,651)	733,363	2,340,764	24,768	2,365,532
Profit for the period	—	—	—	—	—	—	181,307	181,307	13,076	194,383
Total comprehensive income for the period	—	—	—	—	—	—	181,307	181,307	13,076	194,383
Recognition of equity-settled share option	—	—	—	—	4,503	—	—	4,503	—	4,503
Contributions from the Non-controlling shareholders	—	—	—	—	—	—	—	—	2,450	2,450
Dividends paid to non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	(25,283)	(25,283)
Dividends paid to the owner of the Company	—	—	—	—	—	—	(80,275)	(80,275)	—	(80,275)
At 30 June 2011 (unaudited)	144,271	1,890,017	(512,739)	80,847	23,158	(13,651)	834,395	2,446,298	15,011	2,461,309

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Six months ended	
	30 June 2011	30 June 2010
	RMB'000 (unaudited)	RMB'000 (unaudited and restated)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(81,304)	109,151
NET CASH FROM (USED IN) INVESTING ACTIVITIES		
Interest received	12,236	5,062
Loan receivable	—	(100,000)
Purchases of property, plant and equipment	(71,526)	(942,717)
Prepayment for acquisition of property, plant and equipment	70,000	(30,000)
Purchases of investment property	(34,540)	—
Repayment from related parties	90,588	46,514
Payment to related party	(2,032)	—
Investment in an associate	(1,500)	—
Proceeds from disposal of property, plant and equipment	8	28
Proceeds from disposal of a subsidiary	—	8,115
Increase in restricted bank balances	(2,854)	(23,988)
	60,380	(1,036,986)
NET CASH FROM FINANCING ACTIVITIES		
Proceeds from issue of new shares	—	374,832
Interest paid	(22,933)	(14,615)
Payment of dividends to owner of the Company/non-controlling shareholders of subsidiaries	(90,579)	(11,445)
Contribution from non-controlling shareholders	2,450	—
New bank borrowings raised	440,000	723,354
Repayment of bank borrowings	(311,453)	(667,100)
Issuance guaranteed bonds	750,000	—
Bonds issuance cost	(9,375)	—
	758,110	405,026
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	737,186	(522,809)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	1,401,908	2,120,115
Effect of foreign exchange rate changes	(9,939)	(14,782)
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by		
Bank balances and cash	2,129,155	1,582,524

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2011

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with International Accounting Standard 34, Interim Financial Reporting.

In September 2010, the Group completed its acquisition of the entire issued share capital of Goal Gain Investments Limited (the "Goal Gain"), an investment holding company held 100% by Jacqueline Tan, daughter of Edward Tan Han Kiat, on trust for and on behalf of LDP Management Limited, a company held 50% each by Alfred Chan Kai Tai and Edward Tan Han Kiat, the Controlling Shareholders and executive Directors of the Company.

As described in the Company's annual consolidated financial statements for the year ended 31 December 2010, the acquisition of Goal Gain is regarded as a business combination under common control, the principles of merger accounting have therefore been applied. As a result, comparative information presented in the condensed consolidated income statement, consolidated statement of comprehensive income, statement of change in equity and statement of cash flows for the six months ended 30 June 2010 have been restated.

The effects of the combination of Goal Gain on the result of the Group for the six months ended 30 June 2010 are summarized below:

	<i>Six months ended 30 June 2010</i>	<i>Combination of Goal Gain</i>	<i>Elimination adjustments</i>	<i>Six months ended 30 June 2010</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(previously reported)</i>			<i>(unaudited and restated)</i>
Revenue	421,139	104,880	(9,760)	516,259
Other income	44,336	19,750	—	64,086
Gain on disposal of subsidiaries	729	—	—	729
Change in fair value of investment properties	10,000	—	—	10,000
Purchase of and changes in inventories	(69,545)	(32,535)	—	(102,080)
Employee benefits expense	(52,911)	(8,134)	—	(61,045)
Depreciation and amortisation	(17,470)	(7,627)	—	(25,097)
Operating lease rental expense	(50,562)	(6,116)	—	(56,678)
Other operating expenses	(67,287)	(33,305)	9,760	(90,833)
Finance costs	(13,320)	(1,252)	—	(14,572)
Profit before tax	205,108	35,661	—	240,769
Income tax charge	(58,321)	(10,449)	—	(68,770)
Profit and total comprehensive income for the period	146,787	25,212	—	171,999
Profit and total comprehensive income attributable to:				
Owners of the Company	146,796	14,299	—	161,095
Non-controlling interests	(9)	10,913	—	10,904
	146,787	25,212	—	171,999

2. Principal Accounting Policies

The 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 and methods of computation used in the condensed consolidated financial statements are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2010.

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

The application of the 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 or revised standards or amendments that have been issued but are not yet effective. The following new or revised standards or amendments have been issued and are not yet effective.

IFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets ¹
IFRS 9	Financial Instruments ²
IFRS 10	Consolidated Financial Statements ²
IFRS 11	Joint Arrangements ²
IFRS 12	Disclosure of Interests in Other Entities ²
IFRS 13	Fair Value Measurement ²
IAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ⁴
IAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets ³
IAS 19 (Revised 2011)	Employee Benefits ²
IAS 27 (Revised 2011)	Separate Financial Statements ²
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures ²

- ¹ Effective for annual periods beginning on or after 1 July 2011
² Effective for annual periods beginning on or after 1 January 2013
³ Effective for annual periods beginning on or after 1 January 2012
⁴ Effective for annual periods beginning on or after 1 July 2012

The Group is in the process of making an assessment of the potential impact of these standards or amendments.

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 June 2011	30 June 2010
	RMB'000	RMB'000
Commission income from concessionaire sales (Note)	333,906	311,768
Sales of goods	162,319	132,160
Rental income	22,436	22,116
Management consultancy service income	63,796	50,215
	<u>582,457</u>	<u>516,259</u>

Note:

The commission income from concessionaire sales is analysed as follows:

	Six months ended	
	30 June 2011	30 June 2010
	RMB'000	RMB'000
Gross revenue from concessionaire sales	1,687,583	1,572,893
Commission income from concessionaire sales	333,906	311,768

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 June 2011	30 June 2010
	RMB'000	RMB'000
Property management income	9,863	11,540
Advertisement and promotion administration income	18,948	19,776
Display space leasing income	2,137	2,773
Interest income	19,562	8,642
Credit card handling income	11,532	10,504
Changes in fair value of held-for-trading investments	409	631
Others	10,908	10,220
	<u>73,359</u>	<u>64,086</u>

5. Other Operating Expenses

Other operating expenses are analysed as follows:

	Six months ended	
	30 June 2011	30 June 2010
	RMB'000	RMB'000
Promotion, advertising and related expenses	20,260	22,466
Water, electricity and heating	11,233	14,457
Other taxes	26,572	18,839
Bank charges	15,283	13,344
Net foreign exchange losses	903	1,513
Others	21,164	20,214
	<u>95,415</u>	<u>90,833</u>

6. Finance Costs

	Six months ended	
	30 June 2011	30 June 2010
	RMB'000	RMB'000
Interest expenses on:		
Bank borrowings, wholly repayable within five years	17,262	5,388
Bank borrowings, not wholly repayable within five years	6,389	9,184
Bonds payable	17,602	—
	<u>41,253</u>	<u>14,572</u>

7. Income Tax Charge

	Six months ended	
	30 June 2011	30 June 2010
	RMB'000	RMB'000
The charge comprises:		
PRC Enterprise Income Tax	63,521	62,754
Deferred tax	1,808	6,016
	<u>65,329</u>	<u>68,770</u>

8. Dividends

During the current interim period, a final dividend of RMB1.9 cents per share in respect of the year ended 31 December 2010 (2009: Nil) was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid in the current interim period amounted to RMB80,275,000.

Subsequent to the end of the interim period, the Board of Directors determined that an interim dividend of RMB1.8 cents per share (2010: RMB1.5 cents per share) will be paid to the owners of the Company.

9. Earnings Per Share

Earnings	Six months ended	
	30 June 2011	30 June 2010
	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)	181,307	161,095
Number of shares	30 June 2011	30 June 2010
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,225,000	4,218,785
Effect of dilutive potential ordinary shares relating to outstanding over-allotment options	—	503
Weighted average number of ordinary shares for the purpose of diluted earnings per share	4,225,000	4,219,288

10. 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 RMB71,526,000 (six months ended 30 June 2010: RMB819,736,000), 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 2011, certain of the Group's buildings with an aggregate carrying amount of RMB299,675,000 (31 December 2010: RMB315,268,000) were pledged as security for bank loans of the Group.

As at 30 June 2011, the Group is in the process of obtaining the property ownership certificate of a building with a carrying amount of RMB230,880,000 (31 December 2010: RMB238,532,000).

During the period, the addition of the investment property of the Group amounted to RMB34,540,000 (six months ended 30 June 2010: Nil).

The Group's investment property was fair valued by DTZ Debenham Tie Leung Limited ("DTZ") at 30 June 2011, 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 RMB10,360,000 has been recognised directly in profit or loss for the six months ended 30 June 2011.

Certain of the investment properties of the Group were pledged as security for bank loans of the Group.

11. 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 June 2011	31 December 2010
	RMB'000	RMB'000
Trade receivables		
within 60 days	18,598	20,887
61 days to 120 days	2,747	4,803
121 days to 360 days	5,852	—
Prepaid rentals	4,122	3,702
Advances to suppliers	8,302	7,796
Prepaid value-added tax	25,975	9,178
Advance to non-controlling shareholders	14,049	12,665
Others	57,728	46,875
	137,373	105,906
Less: Long-term prepaid rentals	(1,122)	(702)
	136,251	105,204

All of the trade receivables are not impaired by the end of the reporting period.

12. Held-For-Trading Investments

	30 June 2011	31 December 2010
	RMB'000	RMB'000
Debentures with fixed interest of 4.63% and maturity date on 11 September 2015	20,593	20,659
Debentures with fixed interest of 7.4% and maturity date on 15 June 2011	—	7,095
	20,593	27,754

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

13. 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 June 2011	31 December 2010
	RMB'000	RMB'000
Trade payables		
Within 60 days	310,638	466,895
61 days to 120 days	26,219	15,171
121 days to 1 year	6,311	8,577
Over 1 year	3,214	2,620
	<u>346,382</u>	<u>493,263</u>
Payable for purchase of property, plant and equipment	1,801	1,801
Accruals	10,975	7,721
Accrued staff costs	11,260	19,267
Deposits from concessionaire suppliers	31,587	30,900
Customer prepaid gift cards	203,444	253,227
Other PRC tax payable	13,108	36,051
Advances from third parties	63,019	54,475
Bonds interest payables	16,406	—
Others	49,546	43,615
	<u>401,146</u>	<u>447,057</u>
	<u>747,528</u>	<u>940,320</u>

14. Borrowings

	30 June 2011	31 December 2010
	RMB'000	RMB'000
Secured bank borrowings (Note)	1,172,631	1,053,735
Other borrowings	42,000	42,000
	<u>1,214,631</u>	<u>1,095,735</u>
Carrying amount repayable:		
Within one year	564,220	413,481
More than one year, but not exceeding two years	46,434	45,529
More than two year, but not exceeding five years	181,070	186,938
More than five years	7,107	24,337
	<u>798,831</u>	<u>670,285</u>
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	415,800	425,450
	<u>1,214,631</u>	<u>1,095,735</u>
Less: Amounts due within one year shown under current liabilities	(980,020)	(838,931)
	<u>234,611</u>	<u>256,804</u>

14. Borrowings (continued)

The bank borrowings comprise:

	30 June 2011	31 December 2010
	RMB'000	RMB'000
Fixed-rate borrowings	402,000	302,000
Variable-rate borrowings	812,631	793,735

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

	30 June 2011	31 December 2010
	%	%
Fixed-rate borrowings	5.350–6.310	4.374–5.960
Variable-rate borrowings	2.700–7.684	2.770–6.938

Notes:

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

During the current period, the Group obtained new bank loans amounting to RMB440,000,000 (2010: RMB723,354,000) and repaid bank loans amounting to RMB311,453,000 (2010: RMB667,100,000).

15. Bonds Payable

The Company issued RMB750,000,000 bonds with a term of three years on 2 February 2011. The fixed interest rate is 5.25% per annum, payable semi-annually in arrear on 1 February and 1 August each year.

The bonds use the effective interest method to amortised, and the effective interest rate is 5.79% per annum.

The movement of the bonds payable for the period is set out below:

	30 June 2011	31 December 2010
	RMB'000	RMB'000
Issuance of bonds payable	740,625	—
Interest charge	17,602	—
Carrying amount at the end of the period	<u>758,227</u>	<u>—</u>
Less: Interest payables included in other payables shown under current liabilities	(16,406)	—
	<u>741,821</u>	<u>—</u>

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 2010, 30 June 2010, 1 January 2011 and 30 June 2011	5,000,000,000	25,000
Issued and fully paid		
Ordinary shares of US\$0.005 each		
At 1 January 2010	4,000,000,000	20,000
Issue of new shares on 5 January 2010	225,000,000	1,125
At 30 June 2010, 1 January 2011, and 30 June 2011	4,225,000,000	21,125
	<i>30 June 2011</i>	<i>31 December 2010</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Presented as	144,271	144,271

17. Operating Lease Commitments

At the end of the reporting period, the Group was committed to making future minimum lease payments in respect of land and buildings rented under non-cancellable operating leases which fall due as follows:

	30 June 2011	31 December 2010
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	96,223	87,489
In the second to fifth year inclusive	373,209	300,893
Over five years	809,911	284,821
	<u>1,279,343</u>	<u>673,203</u>

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 Kai Tai and Edward Tan Han Kiat (the "Chan family")
Century Ports Apparel (Xiamen) Ltd. 世紀寶姿服裝(廈門)有限公司	Company controlled by PIEL
Scitech Group Company Limited 賽特集團有限公司	Company controlled by Alfred Chan Kai Tai and Edward Tan Han Kiat's immediate family members (the "broader Chan family")
Even Time Investments Limited ("Even Time")	Company controlled by the broader Chan family
LDP Management Limited ("LDP")	Company controlled by the broader Chan family
Ports Fashion (Xiamen) Ltd. 黛美服飾(廈門)有限公司	Company controlled by the broader Chan family
Beijing Scitech Outlet Commerce & Trading Co., Ltd ("Beijing Scitech Outlet") 北京奧特萊斯商貿有限公司	Company controlled by the broader Chan family
Vivienne Tam Fashion (Xiamen) Ltd. 韋薇服飾(廈門)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 June 2011	30 June 2010
	<i>RMB'000</i>	<i>RMB'000</i>
Commission income		
Ports Fashion (Xiamen) Ltd.	2,302	1,318
Century Ports Apparel (Xiamen) Ltd.	7,979	7,390
Vivienne Tam Fashion (Xiamen) Ltd.	223	131
	<u>10,504</u>	<u>8,839</u>
Management consultancy service income		
PCD Ruijing	1,500	1,500
Even Time	8,298	4,772
LDP	18,000	18,000
	<u>27,798</u>	<u>24,272</u>
Rental expense		
Scitech Group Company Limited	23,666	23,666

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 June 2011	31 December 2010
	RMB'000	RMB'000
Trade nature		
PCD Ruijing	21,856	8,343
LDP	9,039	8,978
Even Time	4,357	3,948
Beijing Scitech Outlet	—	6,057
Century Ports Apparel (Xiamen) Ltd.	257	—
	<u>35,509</u>	<u>27,326</u>
Non-trade in nature		
LDP	—	90,588
	<u>—</u>	<u>90,588</u>
	<u>35,509</u>	<u>117,914</u>

Amounts due to related parties

	30 June 2011	31 December 2010
	RMB'000	RMB'000
Trade in nature		
Century Ports Apparel (Xiamen) Ltd.	—	17,253
Ports Fashion (Xiamen) Ltd.	2,814	4,268
Scitech Group Company Limited	3,151	38,803
Vivienne Tam Fashion (Xiamen) Ltd.	198	397
PCD Ruijing	—	10,077
Beijing Scitech Outlet	1,852	—
	<u>8,015</u>	<u>70,798</u>
Non-trade in nature		
LDP	—	2,032
	<u>8,015</u>	<u>72,830</u>

18. Related Party Disclosure (continued)

(d) Compensation of key management personal

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

	Six months ended	
	30 June 2011	30 June 2010
	RMB'000	RMB'000
Short-term employee benefits	2,318	2,433
Post-employment benefits	210	158
Equity-settled share-based payments	452	686
	<u>2,980</u>	<u>3,277</u>

19. Capital Commitments

	30 June 2011	31 December 2010
	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	177,940	589,616

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 2011.

Interim Dividend and Closure of Register of Members

The earnings of the Group for the six months ended 30 June 2011 were RMB194.4 million. The Directors have declared an interim dividend of RMB0.018 per share for the six months ended 30 June 2011, totaling RMB76.1 million based on 4,225,000,000 ordinary shares in issue as at 30 June 2011. As compared with the six months ended 30 June 2010 which the Directors had declared an interim dividend of RMB0.015 per share, the Directors have declared a higher interim dividend for the six months ended 30 June 2011.

The interim dividend will be payable on 15 December 2011 to shareholders whose names appear on the register of members of the Company on 25 October 2011. The register of members will be closed from 26 October 2011 to 28 October 2011, both days inclusive, during which period no transfer of shares can be effected.

In order to qualify for the above interim 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 Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:00pm on 25 October 2011.

Directors

The Directors of the Company during the six months ended 30 June 2011 were:

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

As disclosed in the Company's announcement dated 11 May 2011, Mr. Tony Lau Kim Yip has resigned as an Executive Director and President of the Company due to personal reasons during the six months ended 30 June 2011. His resignation was effective from 31 May 2011. The Board of Directors would like to express its gratitude to Mr. Lau for his valuable contribution during his tenure of office and wish him well in his future endeavours.

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

As at 30 June 2011, 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 ("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 (the "Model Code"), are 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 shares
Mr. Alfred Chan Kai Tai ¹	0	1,671,709,919(L)	1,671,709,919(L)	39.57%(L)
Mr. Edward Tan Han Kiat ¹	0	1,671,709,919(L)	1,671,709,919(L)	39.57%(L)
Mr. Li Chang Qing	200,000(L) ²	0	200,000(L)	0.005%(L)
Mr. Ainsley Tai	200,000(L) ²	0	200,000(L)	0.005%(L)
Mr. Randolph Yu	200,000(L) ²	0	200,000(L)	0.005%(L)

(L) = Long Position

Notes:

- Mr. Alfred Chan Kai Tai's and Mr Edward Tan Han Kiat's interest 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 ("PIEL"), 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 Mr. Alfred Chan Kai Tai and Mr. Edward Tan Han Kiat.
- These interests represent interest in share options granted by the Company under its Share Options Scheme (the "Scheme"). Details of the Share Option Scheme are set out in the section headed "Share Options Scheme" below.

(ii) Share Options

Name of option holder	Number of outstanding share options	% of total issued shares
Mr. Li Chang Qing	200,000	0.005%
Mr. Ainsley Tai	200,000	0.005%
Mr. Randolph Yu	200,000	0.005%

As at 30 June 2011, 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 (“the Scheme”)

Details of the share options outstanding as at 30 June 2011 under the Scheme are as follows:

Share 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\$)	Options held at 30/6/10	Exercisable from	Exercisable until
Mr. Alfred Chan Kai Tai	0	0	0	0	2.36	0	N/A	N/A
Mr. Edward Tan Han Kiat	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. Ainsley Tai	200,000	0	0	0	2.36	200,000	17 Dec 2009	16 Dec 2019
Mr. Randolph Yu	200,000	0	0	0	2.36	200,000	17 Dec 2009	16 Dec 2019

On and subject to the terms of the Share Option 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 2011, 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	Percentage of issued share capital
Bluestone Global Holdings Limited ¹	Beneficial Owner	1,594,139,851(L)	37.73%(L)
PIEL ¹	Interest of Controlled Corporation	1,594,139,851(L)	37.73%(L)
Credit Suisse (Hong Kong) Limited ²	Investment Manager	532,736,710(L) 225,000,000(S)	12.61%(L) 5.33%(S)
Credit Suisse (International) Holding AG ²	Interest of Controlled Corporation	532,736,710(L) 225,000,000(S)	12.61%(L) 5.33%(S)
Credit Suisse Group AG ²	Interest of Controlled Corporation	532,736,710(L) 225,000,000(S)	12.61%(L) 5.33%(S)
Schroder Investment Management (Hong Kong) Limited	Investment Manager	294,524,000(L)	6.97%(L)
FIL Limited	Investment Manager	252,940,516(L)	5.99%(L)

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

Notes:

- PIEL is deemed to be interested in the 1,594,139,851 Shares held by Bluestone by virtue of PIEL's interest in Bluestone.
- 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 2011 as recorded on the register required to be kept under section 336 of the SFO.

Directors' Interests in Contracts of Significance

Save and except as disclosed under the section headed "Connected Transactions & Continuing Connected Transactions", there were no contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, during the six months ended 30 June 2011.

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 ("Ruijing Option") to acquire all of their equity interests in Xiamen Ruijing for a consideration equal to 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 Double Eight Enterprises Limited ("Double Eight"): Bund project

Our 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, and the progress of finalizing the definitive agreement was 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, 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 this report, the Group has not received notice that all definitive agreements relating to the Bund project has been finalized.

Directors' Interests in Contracts of Significance - continued

Connected Transactions - continued

3. Shenyang Outlet Mall

As disclosed in the Prospectus of the Company, in December 2009 our controlling shareholders were in preliminary discussions with an independent third party in relation to the operation of an outlet mall in Shenyang. It was also disclosed that if the project had materialized, our controlling shareholders would first offer the opportunity to operate the outlet mall to the Group pursuant to the Non-Competition Deed.

Given the above, the Group had decided to undertake the opportunity to own and operate the Shenyang outlet mall. Accordingly, on 29 March 2010, Zhongshan PCD (Xiamen) Department Stores Co., Ltd. (中山巴黎春天(廈門)百貨有限公司), one of the subsidiaries of the Company, had entered into a lease with Gangzhonglv (Shenyang) Real Estate Co., Ltd. (港中旅(瀋陽)置業有限公司) for the leasing of certain buildings which constituted the premises of the Shenyang outlet mall. The outlet mall is currently under renovation and is expected to commence operations in summer 2012.

4. Beijing Scitech Premium Outlet Mall

Pursuant to an option agreement dated 29 November 2009, LDP granted the Group an option ("Outlet Option") to acquire its interest in Even Time Investments Limited ("Even Time"), which owned 100% indirect interest in the operator of the Beijing Scitech Premium Outlet Mall, for a consideration equal to the lower of (i) the costs of investment incurred by our controlling shareholders in Even Time and (ii) the prevailing market value of Even Time as determined by an independent firm of international valuers. As disclosed in the Prospectus of the Company, the Company intends to exercise the Outlet Option as soon as practicable upon verification that Even Time has achieved a target net profit for two consecutive financial years as shown in its audited financial statements at which time, Even Time will serve us a notice.

The Directors are still of opinion to exercise the Outlet Option as soon as practicable upon verification that Even Time has achieved a net profit for two consecutive financial years as shown in its audited financial statements or at such earlier time as the directors consider that it is of the company's interests. As of the date of this report, the Company understands that Even Time has achieved a target net profit for the financial year ended 31 December 2010.

Directors' Interests in Contracts of Significance - continued

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. Alfred Chan Kai Tai and Mr. Edward Tan Han Kiat, 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 RMB3.0 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 RMB1.5 million for the six months ended 30 June 2011.

2. 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. Alfred Chan Kai Tai and Mr. Edward Tan Han Kiat (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 RMB10.5 million for the six months ended 30 June 2011.

Directors' Interests in Contracts of Significance - continued

Continuing Connected Transactions - continued

3. 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. Alfred Chan Kai Tai, Mr. Edward Tan Han Kiat 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 RMB22.8 million for the six months ended 30 June 2011.

(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 RMB1.7 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 RMB0.8 million for the six months ended 30 June 2011.

4. 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 Ching Ching, the daughter of Mr. Edward Tan Han Kiat, 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 RMB8.3 million for the six months ended 30 June 2011.

Directors' Interests in Contracts of Significance - continued

Continuing Connected Transactions - continued

5. 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 RMB36 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 RMB1.5 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 RMB18.0 million for the six months ended 30 June 2011.

In the opinion of the independent non-executive directors of the Company, the continuing connected transactions for the six months ended 30 June 2011 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 Group's Listed Securities

During the six months ended 30 June 2011, the Company has 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 shareholder of the Company has not pledged any of its interests in Shares of the Group to any third-party.

Sufficiency of Public Float

Based on the information publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's shares were publicly held as the date of this report.

Pre-emptive Rights

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

CORPORATE INFORMATION

Directors

Executive Directors:

Mr. Alfred Chan Kai Tai

(Chairman and Executive Director)

Mr. Edward Tan Han Kiat *(Executive Director)*

Independent Non-Executive Directors:

Mr. Li Chang Qing

Mr. Ainsley Tai

Mr. Randolph Yu

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Company Secretary

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

Authorized Representatives

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Kowloon

Hong Kong

Ms. Su, Shaohua Charlotte

Unit 3A, 363-365 King's Road

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. Alfred Chan Kai Tai

Principal Share Registrar and Transfer Office

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Cayman Islands

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Wanchai

Hong Kong

Principal Bankers

China Construction Bank

Bank of China

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Stock Code

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