中国春天百货
PCD STORES

PCD STORES (GROUP) LIMITED
2012 INTERIM REPORT

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 331)

CONTENTS


赛特
奥莱


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CORPORATE PROFILE

PCD Stores (Group) Limited (the "Company", together with its subsidiaries, 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.

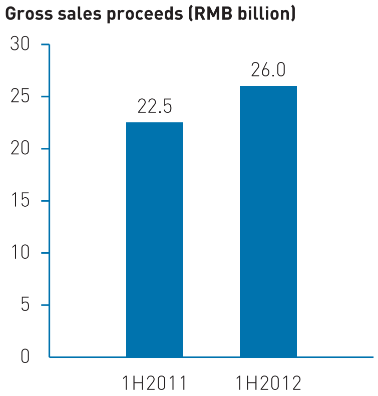
We are an operator in the development and operation of a national department store plus outlet mall network within China. As of 30 June 2012, the Group operated and managed 18 department stores and 3 outlet malls in Beijing and 8 provinces in China, with plans to foray into other provinces in the near 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.


DIESEL
GANT
CERRUTI 1881
PORTS
MaxMara
I.T
OUTLET
COACH
BALLY
BOSS
ARMANI
OUTLET

FINANCIAL HIGHLIGHTS

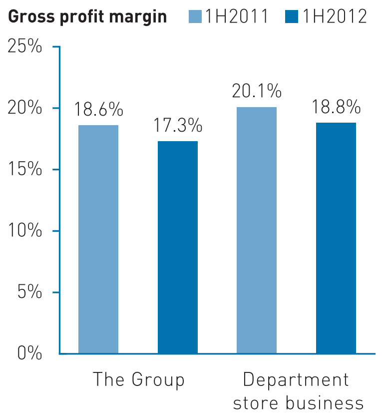
Gross sales proceeds

increased by 15.5%
to RMB2,599.3 million



Revenue improved to RMB644.2 million, an increase of 3.6%.

Same store sales growth of our self-owned store network was 7.6%.



Gross profit margin of department store business remained competitive at

18.8%

EBITDA decreased by 22.1% to RMB268.2 million, with a margin of 41.6%.

Net profit was RMB107.5 million, decreased by 46.8%.

EPS was RMB2.13 cents.

An interim dividend of RMB1.0 cent per share was declared.


adidas


中国最美
东北首家奥特莱斯
盛大开业
沈阳赛特奥莱

PRESIDENT'S STATEMENT

During the first half of 2012, we have observed the softening in the growth of the business of our Group due to factors such as global economic recession and the slowing down of the economic growth in China. The same store sales growth rate for our self-owned stores was 7.6%. As of six-month period ended 30 June 2012 ("1H2012"), the Group's revenue grew by 3.6%, from RMB621.8 million to RMB644.2 million, as compared with the six-month period ended 30 June 2011 ("1H2011"). The Earnings Before Interest, Taxation and Depreciation and Amortization ("EBITDA") reduced by 22.1%%, from RMB344.1 million in 1H2011 to RMB268.2 million in 1H2012. The net profit of the Group reduced by 51.7% as compared with 1H2011, from RMB202.2 million in 1H2011 to RMB107.5 million in 1H2012.

Apart from the macro economic conditions, factors related to our operations and attributed to the decrease in the net profit for the 1H2012 are the start-up cost, operating expenses and certain non-cash expenses incurred, pursuant to relevant accounting standards, in connection with the opening of the new stores, such as Shenyang Premium Outlet Mall ("Shenyang Outlet Mall") and PCD Xian Phase II.

Drawing upon our past experience, the Group has decided to maintain its strategy of strengthening the existing operations and exploring new horizons. On one hand, we strive for the continuing improvement on the performance of our existing stores at our dominant areas and on the other hand, we actively search for attractive market opportunities with growth potentials. There are ample evidences to suggest that we have adopted the right strategy with our strong sales performance within the department store chain in Guizhou Province ("Guizhou Stores Network", as of 30 June 2012, the Group had 5 self-owned stores and 1 managed store in Guizhou Province) and in the Beijing Scitech Premium Outlet Mall ("Beijing Outlet Mall"). After three years of development, the Beijing Outlet Mall, being the frontrunner in the outlet mall industry in Beijing or even China, has become a shopping landmark of Beijing and its surrounded area, and attracts customers of different ages and segments. It has also established itself among other peers as the benchmark and leading example of a successful operation in the outlet mall industry in China. In addition to the encouraging results in our development of outlet mall operation, our Guizhou Stores Network also enjoy growing influence and reputation within the area largely attributable to their dedication and success of introducing the most fashionable and enjoyable shopping experience to the local citizens. Our Guizhou Stores Network is the successful example of the development of western market and has indisputably provided to the Group an important platform for the future exploration of different inland markets in China.

While devoting our resources to the business expansion, we also recognize the importance of improving the standard of management of the Group, such as the emphasis of a detailed delineation and planning of the Group's strategy, business model and directions for both mid-to-long runs, the fine tuning of the internal operational environment, the commitment to a more professional and efficient division of labour in the context of project management, products portfolio planning and adjustment, leasing, operation, logistical management and the recruitment of different talents within the industry. All these are done with a view to laying down a solid foundation for the future development of the Group.

The Group remains cautiously optimistic to the prospect in the second half of 2012. In light of the situation around the world in the past few months, the global economic condition remains volatile and uncertain in short term. Whilst we are positive to the long-term growth prospect of China, we have experienced adverse impact on the domestic consumption market triggered by the PRC Government's policies of credit tightening and inflation control, both of which do not have guidance on the timing of cessation at the moment. Nonetheless, we will not slow down our momentum on network expansion but will ensure that all investments on new projects are made in a prudent and cautious manner. At the same time, the Group is endeavoured to improve the operations and management of the existing stores network to allow them to develop to their fullest potential.

Shenyang Outlet Mall was grand opened in August 2012 and PCD Xian Phase II is expected to open in the fourth quarter of this year. It marks another milestone of the achievement of the Group and will add approximately 110,000 square meters of gross floor area to our stores network. With the potential introduction of international top tier brands such as Prada, Gucci, Ermenigildo Zegna, Bally, Miu Miu, Yves St. Laurent, Ralph Lauren, Emporio Armani, DKNY and Marc by Marc Jacobs in our PCD Xian Phase II as well as Zegna, Coach, I.T, Brooks Brothers, MaxMara, Armani, Bally, Nike, Adidas in our Shenyang Outlet Mall, the two new members of the Group clearly look to be promising prospects and bring first class shopping experience to the respective local market. In particular, the Group is hopeful that the addition of Shenyang Outlet Mall will further reinforce our status as a leading player in the growing outlet mall industry, and we will be in a more prominent position to leverage our experience and advantage on similar opportunities in China.

The board of directors (the "Board") remains optimistic to the Group's operations. With a prudent financial policy and expansion strategy, the Group will commit as ever to efficiently utilize its financial resources to increase profitability and earnings for our shareholders. On behalf of the Board, I once again thank every member of the Group for their commitment and effort during 1H2012.

Xiang Qiang
President

30 August 2012

MANAGEMENT DISCUSSION & ANALYSIS

Financial Overview

In 1H2012, gross sales proceeds ("GSP") of the Group reached RMB2,599.3 million, increased by 15.5% or RMB349.7 million, as compared with RMB2,249.6 million for 1H2011. The Group's revenue grew by 3.6% or RMB22.4 million, from RMB621.8 million in 1H2011 to RMB644.2 million in 1H2012. Operating profit (i.e. EBITDA — Earnings Before Interest, Tax and Depreciation and Amortization) of the Group decreased by 22.1% or RMB75.9 million, from RMB344.1 million in 1H2011 to RMB268.2 million in 1H2012, due to, among other things, predominantly the start-up cost, operating expenses and certain non-cash expenses incurred in connection with the opening of the new stores, such as Shenyang Outlet Mall and PCD Xian Phase II.

Significant Change in Preparation Basis of Financial Statements

In December 2011, the Group acquired Universe River, Even Time (the operator of Beijing Outlet Mall) as well as Chuntian Real Estate (the owner of the property on which the Beijing Outlet Mall is operated) from our controlling shareholders, and therefore, based on the approach adopted for the acquisition of Goal Gain Investments Limited and its subsidiaries, the principles of merger accounting have been applied as the Group and the aforementioned companies were all under common control. As a result, the consolidated financial statements of the Company for 1H2011 have been restated as if Universe River, Even Time and Chuntian Real Estate had been the subsidiaries of the Group throughout 1H2011. However, the accounting policies and methods of computation used are the same as those used in the preparation of the Group's condensed consolidated interim financial statements for 1H2011.

Revenue

The Group's revenue grew by 3.6% or RMB22.4 million, from RMB621.8 million in 1H2011 to RMB644.2 million in 1H2012 due to the increase in GSP and the catering service income, which was a new income stream for the Group, whereas the increase was partially offset by the decrease of management consultancy services income. In particular, commissions from concessionaire sales and sales of goods grew by 9.8% or RMB37.3 million and 8.3% or RMB13.5 million, respectively, from RMB379.9 million to RMB417.2 million and from RMB162.3 million to RMB175.8 million respectively, due to the revenue contribution from the self-owned store converted from managed store as well as the new stores opened in the second half of 2011 ("2H2011") in addition to the sales growth from our existing stores. Management consultancy services income decreased by 92.3% or RMB51.2 million from RMB55.5 million in 1H2011 to RMB4.3 million in 1H2012 as a result of the expiration of certain management contracts, which are pending determination of the long term arrangement.

The Group's GSP reached RMB2,599.3 million in 1H2012, representing an increase of 15.5% or RMB349.7 million as compared with RMB2,249.6 million in 1H2011. Same stores sales growth of the Group's self-owned stores was 7.6% in 1H2012. Concessionaire sales contributed 93.2% of the total GSP and direct sales accounted for the remaining 6.8% in 1H2012, as compared with 92.8% and 7.2% respectively in 1H2011. Gross profit margin (i.e. combination of concessionaire and direct sales margins) of the Group decreased from 18.6% in 1H2011 to 17.3% in 1H2012. However, if the outlet mall business, which generates a lower gross profit margin than the department stores business, is excluded, the gross profit margin would be 18.8% in 1H2012 (1H2011: 20.1%). The decrease in the gross profit margin was mainly attributable to the increase in the discount offered due to the more competitive retail market as well as the addition of new stores to the entire network, which generally carry lower gross profit margin as a matter of common market practice.

Other Income

Other income, the major components of which were advertisement and promotion administration income, property management income, interest income and credit card handling income, increased by 23.0% or RMB19.2 million, from RMB83.7 million in 1H2011 to RMB102.9 million in 1H2012. The contribution of other income from the self-owned store converted from managed store and the additional new stores opened in 2H2011were attributable to such increment. Other income as a percentage of revenue rose from 13.5% in 1H2011 to 16.0% in 1H2012.

Purchase of Goods and Changes in Inventories

The purchase of goods and changes in inventories included costs incurred for direct sales and changes in inventories, which mainly comprised of cosmetic and skincare products, and costs related to catering service. Purchase of goods and changes in inventories were increased by 15.4% or RMB19.2 million, from RMB124.9 million in 1H2011 to RMB144.1 million in 1H2012, due to the increase in direct sales as well as the catering service costs, which the Group began to incur in 1H2012 in connection with the catering related business leading to the generation of catering service income (see the paragraph headed "Revenue").

Employee Benefits Expense

Employee benefits expense increased by 28.3% or RMB21.3 million, from RMB75.1 million in 1H2011 to RMB96.4 million in 1H2012. There were two major causes leading to the increment, the first reason was the increase in the number of staff due to the increase in the number of self-owned stores, and the second reason was the improvement in the remuneration package of the employees triggered by the relatively tightened labour market in the PRC. The employee benefits expense as a percentage of revenue increased from 12.1% in 1H2011 to 15.0% in 1H2012.

MANAGEMENT DISCUSSION & ANALYSIS

Depreciation and Amortization

Depreciation and amortization increased by 68.0% or RMB21.8 million, from RMB32.0 million in 1H2011 to RMB53.8 million in 1H2012. The depreciation expenses of the property we acquired in Taiyuan (at which our PCD Taiyuan is located at) in 2H2011 and our self-owned property in Xi'an (at which our PCD Xian Phase II is located at) have begun to account for in 1H2012 given its completion of construction in early 2012. The depreciation and amortization as a percentage of revenue increased from 5.2% in 1H2011 to 8.4% in 1H2012.

Operating Lease Rental Expense

Operating lease rental expense increased by 40.8% or RMB23.1 million, from RMB56.5 million in 1H2011 to RMB79.6 million in 1H2012. The increase in the number of self-owned stores as well as the non-cash accounting treatment of the straight-line amortization of rental expenses for some of the new stores led to the significant increase in this category of expense. If the non-cash expense arising from such accounting treatment is excluded, the operating lease rental expense would only have increased by 11.4% or RMB6.5 million. Accounting for the impact from the non-cash amortization expenses, operating lease rental expense as a percentage of revenue increased from 9.1% in 1H2011 to 12.4% in 1H2012.

Other Operating Expenses

Other operating expenses mainly included other taxes, promotion, advertising and related expenses, bank charges as well as water and electricity expenses. Other operating expenses increased by 37.9% or RMB43.7 million, from RMB115.2 million in 1H2011 to RMB158.9 million in 1H2012. The increase was mainly attributable to the start-up cost and operating expenses incurred in connection with the new stores opened in 2H2011 and 1H2012. Other operating expenses as a percentage of revenue increased from 18.5% in 1H2011 to 24.7% in 1H2012.

Finance Costs

Finance costs increased by 7.9% or RMB3.2 million, from RMB41.3 million in 1H2011 to RMB44.5 million in 1H2012. The increase was mainly due to the additional one month of interest expenses for the RMB denominated bond relative to the corresponding period in 2011, in which interest expense was borne for 5 months only.

Income Tax Charge

The Group's income tax expense decreased by 9.2% or RMB6.3 million, from RMB68.6 million in 1H2011 to RMB62.3 million in 1H2012. The effective tax rate increased from 25.3% in 1H2011 to 36.7% in 1H2012 due to the tax credit arose from the entities established for the operation of new stores.

Profit for the Period

Due to the reasons as explained above, in particular the impact arising from the expenses incurred and accounted for the opening of the new stores during 1H2012, the net profit decreased by 46.8% or RMB94.7 million, from RMB202.2 million in 1H2011 to RMB107.5 million in 1H2012. EBITDA, which was a more precise reflection of the operational result of the Group, decreased by 22.1% or RMB75.9 million, from RMB344.1 million in 1H2011 to RMB268.2 million in 1H2012, which was quite significantly less than the percentage decline in respect of the net profit. Net profit and EBITDA as percentages of revenue decreased from 32.5% and 55.3% in 1H2011 to 16.7% and 41.6% in 1H2012, respectively. Although the Group has experienced a decrease in profitability for 1H2012, the management is hopeful that the recently opened new stores will soon have positive contribution to the business of the Group.

Profit Attributable to the Owners of the Company

Profit attributable to the owners of the Company decreased by 52.4% or RMB99.0 million, from RMB189.1 million in 1H2011 to RMB90.1 million in 1H2012.

Capital Expenditure

Capital Expenditure of the Group during 1H2012 amounted to RMB76.3 million (1H2011: RMB75.6 million). The management considered that the investment in new property and the improvement made to the existing stores would allow us to maintain a strong competitiveness against our respectable peers. The Group will continue to identify sites with business potential in order to broaden our growing department store and outlet mall network.

Liquidity and Financial Resources

As at 30 June 2012, cash and cash equivalent (i.e. bank balances and cash and time deposit) of the Group decreased by 30.8% or RMB526.6 million to RMB1,184.6 million when compared with RMB1,711.2 million as at 31 December 2011, which was mainly due to the payment of deposit for the acquisition of the land use rights of a parcel of land in Nanming District, Guiyang City ("Guiyang Land") in 1H2012, payment of dividends to our shareholders for the year ended 31 December 2011, purchase of certain property, plant and equipment as well as repayment of bank loans.

As at 30 June 2012, the Group had RMB1,730.2 million of borrowings, 20.5% of the total borrowings was bank borrowings repayable within one year; 16.7% was bank borrowings repayable within two to five years; 19.1% was bank borrowings not repayable within one year but contain a repayment on demand clause; and the remaining 43.7% was bond payable due in January 2014. The outstanding loan as at 30 June 2012 was decreased slightly by 4.0% or RMB71.6 million as compared with RMB1,801.8 million as at 31 December 2011, due to the repayment of loan.

Capital Commitments

The capital commitments of the Group as at 30 June 2012 were RMB94.3 million which was attributable to PCD Xian Phase II as well as Shenyang Outlet Mall.

MANAGEMENT DISCUSSION & ANALYSIS

Net Current Assets/(Liabilities) and Equity

As at 30 June 2012, the net current liabilities of the Group were RMB105.3 million compared with net current assets of RMB161.2 million as at 31 December 2011. The change from the net current assets to net current liabilities was mainly attributable to the cash payment of the deposit for the acquisition of land use rights of Guiyang Land. Equity attributable to owners of the Company increased slightly from RMB2,396.8 million as at 31 December 2011 to RMB2,401.0 million as at 30 June 2012.

The gearing ratio, which was calculated by dividing total borrowings by total equity, was 0.70 as at 30 June 2012 (as at 31 December 2011: 0.74).

Pledge of Assets

As at 30 June 2012, certain of the Group's buildings with an aggregate carrying amount of RMB312.1 million (as at 31 December 2011: RMB317.4 million) were pledged as security for the bank loans of the Group.

As at 30 June 2012, certain of the Group's investment properties with an amount of RMB546.9 million (31 December 2011: RMB546.9 million) were pledged as security for bank loans of the Group.

Segment Information

Over 90% of the Group's revenue 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 2012, the total number of employees for the Group was approximately 2,850. 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 2012, 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 dollars against RMB. The Group may consider using forward contracts or currency borrowings to hedge its foreign exchange risk as appropriate.

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Code on Corporate Governance Practices during the period from 1 January 2012 to 31 March 2012 and the Corporate Governance Code during the period from 1 April 2012 to 30 June 2012 as set out in Appendix 14 to the Listing Rules.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Based on the specific enquiry of all directors, the Directors of the Company have confirmed that they have complied with the required standards as set out in the Model Code during 1H2012.

Review of Accounts

The unaudited condensed consolidated accounts of the Company and its subsidiaries for 1H2012 have also been reviewed by the audit committee of the Company.

The audit committee consists of three independent non-executive Directors, namely, Mr. Li Chang Qing (Chairman), Mr. Ainsley Tai and Mr. Randolph Yu, with terms of reference in compliance with the Listing Rule.

CONDENSED INTERIM FINANCIAL REPORT

PCD STORES (GROUP) LIMITED

Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Introduction

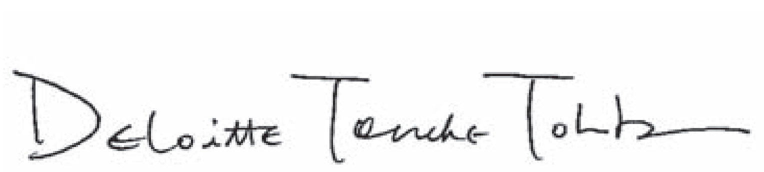
We have reviewed the condensed consolidated financial statements of PCD Stores (Group) Limited (the "Company") and its subsidiaries set out on pages 20 to 41, which comprise the condensed consolidated statement of financial position as of 30 June 2012 and the related condensed consolidated income statement, 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"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements 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 these condensed consolidated financial statements 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.



Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
30 August 2012

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Notes	Six months ended 30 June 2012	30 June 2011
		RMB'000 (unaudited)	RMB'000 (unaudited and restated)
Revenue	3	644,215	621,751
Other income	4	102,943	83,678
Change in fair value of investment properties		—	10,360
Purchase of and changes in inventories		(144,101)	(124,863)
Employee benefits expense		(96,390)	(75,130)
Depreciation and amortisation		(53,837)	(32,042)
Operating lease rental expense	18	(79,592)	(56,521)
Other operating expenses	5	(158,888)	(115,180)
Finance costs	6	(44,518)	(41,253)
Profit before tax		169,832	270,800
Income tax charge	7	(62,297)	(68,578)
Profit for the period		107,535	202,222
Profit for the period attributable to:			
Owners of the Company		90,054	189,146
Non-controlling interests		17,481	13,076
		107,535	202,222
Earnings per share			
Basic and diluted (RMB cents)	9	2.13	4.48

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Six months ended	
	30 June 2012	*30 June 2011*
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited and restated)*
Profit and total comprehensive income for the period	107,535	202,222
Total comprehensive income for the period attributable to:		
Owners of the Company	90,054	189,146
Non-controlling interests	17,481	13,076
	107,535	202,222

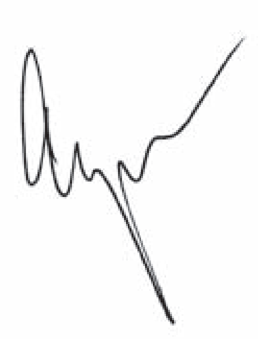
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

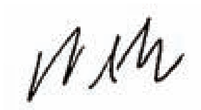
AT 30 JUNE 2012

	Notes	30 June 2012	31 December 2011
		RMB'000 (unaudited)	RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	2,591,302	2,544,715
Investment properties	12	674,400	674,400
Deposit for acquisition of land use rights	10	230,000	—
Land use rights		59,386	60,391
Goodwill		22,974	22,974
Interests in associate		1,500	1,500
Loan receivables	11	95,000	—
Deferred tax assets		15,451	10,392
Restricted bank balances		12,000	12,000
		3,702,013	3,326,372
CURRENT ASSETS			
Inventories		52,830	66,033
Prepayments, trade and other receivables	13	149,542	157,333
Land use rights		2,013	2,013
Loan receivables	11	32,430	100,000
Amounts due from related parties	19(c)	750	14,613
Held-for-trading investments		20,060	19,984
Short-term investments		—	120,000
Restricted bank balances		207,158	117,420
Time deposit		—	387,319
Bank balances and cash		1,184,615	1,323,845
		1,649,398	2,308,560
CURRENT LIABILITIES			
Trade and other payables	14	971,390	1,189,776
Bonds payable	16	16,253	16,406
Tax payable		32,205	39,542
Dividend payables		3,469	7,232
Borrowings — due within one year	15	687,424	830,138
Amounts due to related parties	19(c)	43,967	64,299
		1,754,708	2,147,393

	Notes	30 June 2012	31 December 2011
		RMB'000	*RMB'000*
		(unaudited)	*(audited)*
NET CURRENT (LIABILITIES) ASSETS		(105,310)	161,167
TOTAL ASSETS LESS CURRENT LIABILITIES		3,596,703	3,487,539
NON-CURRENT LIABILITIES			
Borrowings — due after one year	15	288,600	211,947
Deferred tax liabilities		111,225	108,267
Bonds payable	16	737,884	743,349
		1,137,709	1,063,563
		2,458,994	2,423,976
CAPITAL AND RESERVES			
Share capital	17	143,912	144,271
Share premium and reserves		2,257,075	2,252,556
Equity attributable to owners of the Company		2,400,987	2,396,827
Non-controlling interests		58,007	27,149
		2,458,994	2,423,976

The condensed consolidated financial statements on page 20 to 41 were approved and authorised for issue by the board of directors on 30 August 2012 and are signed on its behalf by:





Chan Kai Tai Alfred
Chairman and
Executive Director

Xiang Qiang
President and
Executive Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Attributable to the owners of the Company											
	Share capital	*Share premium*	*Capital redemption reserve*	*Treasury stock*	*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*	*RMB'000*	*RMB'000*
At 1 January 2011 as original stated	144,271	1,890,017	–	–	(512,738)	80,847	18,655	(13,651)	733,363	2,340,764	24,768	2,365,532
Effect of business combination under common control (Note)	–	–	–	–	16,879	–	–	–	(27,458)	(10,579)	–	(10,579)
At 1 January 2011 as restated	144,271	1,890,017	–	–	(495,859)	80,847	18,655	(13,651)	705,905	2,330,185	24,768	2,354,953
Profit and total comprehensive income for the period (as restated)	–	–	–	–	–	–	–	–	189,146	189,146	13,076	202,222
Recognition of share-based payments	–	–	–	–	–	–	4,503	–	–	4,503	–	4,503
Contributions from the non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	2,450	2,450
Dividends recognised as distribution to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	(25,283)	(25,283)
Dividends recognised as distributions to the owners of the Company	–	–	–	–	–	–	–	–	(80,275)	(80,275)	–	(80,275)
At 30 June 2011 (unaudited and restated)	144,271	1,890,017	–	–	(495,859)	80,847	23,158	(13,651)	814,776	2,443,559	15,011	2,458,570
At 1 January 2012	144,271	1,890,017	–	–	(594,273)	113,829	27,277	(13,651)	829,357	2,396,827	27,149	2,423,976
Profit and total comprehensive income for the period	–	–	–	–	–	–	–	–	90,054	90,054	17,481	107,535
Recognition of share-based payments	–	–	–	–	–	–	1,792	–	–	1,792	–	1,792
Contributions from the non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	25,000	25,000
Dividends recognised as distribution to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	(11,623)	(11,623)
Dividends recognised as distribution to the owners of the Company	–	–	–	–	–	–	–	–	(80,275)	(80,275)	–	(80,275)
Shares repurchased and cancelled (Note 17)	(359)	(6,057)	359	–	–	–	–	–	(359)	(6,416)	–	(6,416)
Shares repurchased (Note 17)	–	–	–	(995)	–	–	–	–	–	(995)	–	(995)
At 30 June 2012 (unaudited)	143,912	1,883,960	359	(995)	(594,273)	113,829	29,069	(13,651)	838,777	2,400,987	58,007	2,458,994

Note: The effect of business combination involves the acquisitions of (1) Even Time Investments Limited ("Even Time") and its subsidiaries (the "Even Time Group"); (2) Beijing Chun Tian Real Estate Co., Ltd (北京春天房地產開發有限公司) ("Beijing Chuntian Real Estate") and (3) Universe River Real Estate (Xiamen) Ltd. (巴黎春天物產經營(廈門)有限公司) ("Universe River"), which are regarded as business combinations under common control.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Six months ended 30 June 2012	Six months ended 30 June 2011
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited and restated)*
NET CASH USED IN OPERATING ACTIVITIES	(69,116)	(146,013)
INVESTING ACTIVITIES		
Interest received	31,896	13,788
Repayment of loan receivables	151,500	—
New loan receivables advanced	(178,930)	—
Proceed from sale of short-term investments	120,284	—
Purchases of property, plant and equipment	(76,278)	(75,565)
Decrease in prepayment for acquisition of property, plant and equipment	—	70,000
Deposit for acquisition of land use rights	(230,000)	—
Purchases of investment properties	—	(34,540)
Repayment from related parties	11,499	122,588
Investment in an associate	—	(1,500)
Proceeds from disposal of property, plant and equipment	174	107
Increase in restricted bank balances	(89,738)	(2,854)
Decrease of time deposit	387,319	—
NET CASH FROM INVESTING ACTIVITIES	127,726	92,024
FINANCING ACTIVITIES		
Interest paid	(43,253)	(22,933)
Contribution from non-controlling shareholders	25,000	2,450
Dividends to owners of the Company	(80,404)	(79,896)
Dividends to non-controlling shareholder of subsidiaries	(15,257)	(10,683)
Payment to related parties	(1,401)	(37,190)
New borrowings raised	392,000	440,000
Repayment of borrowings	(460,067)	(311,453)
Proceed on issuance of guaranteed bonds	—	750,000
Bonds issuance cost	—	(9,375)
Repurchase of bonds	(6,658)	—
Repurchase of shares	(7,411)	—
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(197,451)	720,920
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(138,841)	666,931
CASH AND CASH EQUIVALENTS AT 1 JANUARY	1,323,845	1,481,523
Effect of foreign exchange rate changes	(389)	(10,249)
CASH AND CASH EQUIVALENTS AT 30 JUNE	1,184,615	2,138,205

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2012

1. Basis of Preparation

The condensed consolidated financial statements of PCD Stores (Group) Limited (the "company") and its subsidiaries (collectively referred to as the "Group") have been prepared in accordance with International Accounting Standard 34 (IAS 34) *Interim Financial Reporting* as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

As disclosed in the Company's annual financial statements for the year ended 31 December 2011, the Group completed its acquisitions of the entire issued share capital of Even Time, Beijing Chuntian Real Estate and Universe River in December 2011. The Group, Even Time Group, Beijing Chuntian Real Estate and Universe River were all under common control of Alfred Chan and Edward Tan (collectively referred to as the "Controlling Shareholders"), executive Directors of the Company, both before and after the acquisitions.

The acquisitions of Even Time Group, Beijing Chuntian Real Estate and Universe River have been accounted for as business combinations under common control and the principles of merger accounting have therefore been applied. As a result, comparative information presented in the condensed consolidated income statement, statement of comprehensive income, statement of change in equity and statement of cash flows for the six months ended 30 June 2011 have been restated to include the results and cash flows of Even Time Group, Beijing Chuntian Real Estate and Universe River as if they were subsidiaries of the Company throughout the six months ended 30 June 2011.

1. Basis of Preparation (continued)

The effect of the combination of Even Time Group, Beijing Chuntian Real Estate and Universe River on the result of the Group for the six months ended 30 June 2011 is summarised below:

	Six months ended 30 June 2011	*Combination of subsidiaries under common control*	*Eliminations*	*Six months ended 30 June 2011*
	RMB'000 (previously reported)	*RMB'000*	*RMB'000*	*RMB'000 (unaudited and restated)*
Revenue	582,457	47,592	(8,298)	621,751
Other income	73,359	10,319	—	83,678
Change in fair value of investment properties	10,360	—	—	10,360
Purchase of and changes in inventories	(124,863)	—	—	(124,863)
Employee benefits expense	(65,827)	(9,303)	—	(75,130)
Depreciation and amortisation	(24,651)	(7,391)	—	(32,042)
Operating lease rental expense	(54,455)	(2,066)	—	(56,521)
Other operating expenses	(95,415)	(28,063)	8,298	(115,180)
Finance costs	(41,253)	—	—	(41,253)
Profit before tax	259,712	11,088	—	270,800
Income tax charge	(65,329)	(3,249)	—	(68,578)
Profit and total comprehensive income for the period	194,383	7,839	—	202,222
Profit and total comprehensive income attributable to:				
Owners of the Company	181,307	7,839	—	189,146
Non-controlling interests	13,076	—	—	13,076
	194,383	7,839	—	202,222

The effect of the above business combination under common control on the Group's basic and diluted earnings per share for the current and prior period is as follows:

Impact on basic and diluted earnings per share

	Six months ended 30 June 2012	*Six months ended 30 June 2011*
	RMB cents	*RMB cents*
Basic and diluted earnings per share before adjustment	2.13	4.29
Effect arising from business combination under common control	—	0.19
Reported basic and diluted earnings per share	2.13	4.48

2. Principal Accounting Policies

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011.

In the current interim period, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards ("IFRSs"):

— amendments to IFRS 7 Financial Instruments: Disclosures — Transfers of Financial Assets; and

— amendments to IAS 12 Deferred Tax: Recovery of Underlying Assets

Amendments to IAS 12 Deferred Tax: Recovery of Underlying Assets

Under the amendments to IAS 12 Deferred Tax: Recovery of Underlying Assets, investment properties that are measured using the fair value model in accordance with IAS 40 Investment Property are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to IAS 12, the directors reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodies in the investment properties over time through generating rental income. Hence, the presumption set out in the amendments to IAS 12 has been rebutted. The Group continues to recognise any deferred taxes on changes in fair value of the investment properties on the basis that the entire carrying amount of the properties are recovered through use.

The application of the above amendments to IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. Revenue and Segment Information

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

	Six months ended	
	30 June 2012	*30 June 2011*
	RMB'000	*RMB'000*
		(Restated)
Commission income from concessionaire sales (Note)	417,226	379,888
Sales of goods	175,828	162,319
Rental income	34,850	24,047
Catering service income	12,027	—
Management consultancy service income	4,284	55,497
	644,215	621,751

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

	Six months ended	
	30 June 2012	*30 June 2011*
	RMB'000	*RMB'000*
		(Restated)
Gross revenue from concessionaire sales	2,423,488	2,087,297
Commission income from concessionaire sales	417,226	379,888

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 turnover of each store and the consolidated profit for the 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 2012	*30 June 2011*
	RMB'000	*RMB'000*
		(Restated)
Property management income	21,864	15,128
Advertisement and promotion administration income	23,373	18,995
Display space leasing income	2,849	2,137
Bank interest income	16,849	19,724
Credit card handling income	18,014	15,098
Gain from repurchase of Bonds	414	—
Others	19,580	12,596
	102,943	83,678

5. Other Operating Expenses

Other operating expenses are analysed as follows:

	Six months ended	
	30 June 2012	*30 June 2011*
	RMB'000	*RMB'000*
		(Restated)
Consulting service fees (Note 1)	16,474	142
Promotion, advertising and related expenses	31,284	25,291
Water, electricity and heating	17,406	12,975
Other taxes	30,922	29,827
Bank charges	24,072	19,725
Net foreign exchange losses	2,319	1,212
Stores operating costs (Note 2)	7,201	4,313
Others	29,210	21,695
	158,888	115,180

Notes:

1. The amounts mainly represent the service fee paid to consultants for their services relating to the sourcing and design of newly established department stores.

2. The amounts mainly represent the cost of security, cleanness, uniform and maintenance for department stores' daily operation.

6. Finance Costs

	Six months ended	
	30 June 2012	*30 June 2011*
	RMB'000	*RMB'000*
Interest expenses on:		
Bank borrowings, wholly repayable within five years	23,134	17,262
Bank borrowings, not wholly repayable within five years	—	6,389
Bonds payable	21,384	17,602
	44,518	41,253

7. Income Tax Charge

	Six months ended	
	30 June 2012	*30 June 2011*
	RMB'000	*RMB'000*
		(Restated)
The charge comprises:		
PRC Enterprise Income Tax	64,398	66,430
Deferred tax	(2,101)	2,148
	62,297	68,578

8. Dividends

During the current interim period, a final dividend of RMB1.9 cents per share in respect of the year ended 31 December 2011 (six months end 30 June 2011: RMB1.9 cents per share in respect of the year ended 31 December 2010) was declared to the owners of the Company. The aggregate amount of the final dividend declared in the current interim period amounted to RMB80,275,000 (six months end 30 June 2011: RMB80,275,000).

Subsequent to the end of the interim period, the Board of Directors determined that an interim dividend of RMB1.0 cents per share (six months end 30 June 2011: RMB1.8 cents per share) will be paid to the owners of the Company.

9. Earnings Per Share

	Six months ended	
Earnings	*30 June 2012*	*30 June 2011*
	RMB'000	*RMB'000*
		(Restated)
Earnings for the purposes of basic and diluted earnings per share (Profit for the period attributable to owners of the Company)	90,054	189,146

	Six months ended	
Number of shares	*30 June 2012*	*30 June 2011*
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	4,223,632	4,225,000

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options since their exercise would result in an increase in earnings per share.

10. Deposit for Acquisition of Land Use Rights

The balance represents the deposit for acquisition of land use rights in relation to Da Xin Men, a parcel of land located near Ruijin Central Road, Nanming District, Guiyang City of Guizhou Province, the PRC.

On 28 January 2012 the Group entered into a co-operation agreement with Guiyang Xin Xi Da Wu Hotel Investments Limited (貴陽新喜達屋酒店投資有限公司) ("Xin Xi Da Wu"), an independent third party, and Guiyang Xin Li Cheng Real Estate Development Limited (貴陽新里程房地產開發有限公司) ("Xin Li Cheng"), parent of Xin Xi Da Wu to bid for the land use rights in relation to Da Xin Men. On 10 February 2012, the Group and Xin Xi Da Wu entered into a State-owned Infrastructure Land Use Rights Transfer Agreement with Land and Resources Bureau of Guiyang City, Guizhou Province, the PRC in relation to the acquisition of land use rights (the "Acquisition") upon the successful bidding of Da Xi Men. The total consideration for the Acquisition is RMB601,600,000 and is payable in two tranches of RMB300,800,000 each.

Pursuant to these agreements, the Group paid RMB300,800,000 as the first tranche of the consideration, together with relevant transaction cost of RMB2,330,000, to the local PRC government authority and the second tranche in the sum of RMB300,800,000 shall be paid by Xin Xi Da Wu on or before 8 February 2013. Out of the RMB303,130,000 paid, RMB230,000,000 was a deposit made by the Group for acquisition of its portion of the land use rights. The remaining RMB73,130,000 was a payment made by the Group on behalf of Xin Xi Da Wu which bore interest at a rate of 10% per annum. Xin Xi Da Wu repaid RMB51,500,000 before 30 June 2012 and the outstanding balance was included under current loan receivables. All the outstanding balance was repaid by Xin Xi Da Wu on 24 August 2012 (note 22).

11. Loan Receivables

	30 June 2012	31 December 2011
	RMB'000	*RMB'000*
Loan receivables	127,430	100,000
Classify as:		
Current assets	32,430	100,000
Non-current assets	95,000	—
	127,430	100,000

As at 30 June 2012, the loan receivables carried fixed interest rates from 8% to 12% per annum.

As at 30 June 2012, loan receivables amounting to RMB95,000,000 was guaranteed by Guiyang Poly Real Estate Development Company Limited, an independent third party which is the parent company of the borrower, and the Group has the right to offset the outstanding balance against future rental payments to the borrower. The remaining amount of RMB32,430,000 were unsecured.

12. Movements in Property, Plant and Equipment and Investment Properties

During the current period, the addition of the property, plant and equipment of the Group amounted to RMB99,691,000 (six months ended 30 June 2011: RMB75,565,000 (restated)) are mainly attributable to construction and renovation of certain department stores in order to expand and/or upgrade their operating capabilities.

As at 30 June 2012, certain of the Group's buildings with an aggregate carrying amount of RMB312,119,000 (31 December 2011: RMB317,396,000) were pledged as securities for bank loans of the Group.

As at 30 June 2012, the Group is in the process of obtaining the property ownership certificate of a building with a carrying amount of RMB1,505,473,000 (31 December 2011: RMB469,059,000).

The Group's investment properties at 30 June 2012 and 31 December 2011 were stated at fair value as determined by DTZ Debenham Tie Leung Limited ("DTZ"), an independent qualified firm of professional valuers. 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 properties.

As at 30 June 2012, certain of the Group's investment properties with an amount of RMB546,900,000 (31 December 2011: RMB546,900,000) were pledged as security for bank loans of the Group.

13. 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 2012	*31 December 2011*
	RMB'000	*RMB'000*
Trade receivables		
Within 60 days	20,378	22,928
61 days to 120 days	245	590
	20,623	23,518
Prepaid rentals	4,524	5,206
Advances to suppliers	13,119	5,710
Prepaid value-added tax	33,432	23,130
Interest receivables from bank and loan receivables	4,396	19,591
Advance to non-controlling shareholders	—	14,995
Other deposits	16,500	15,000
Deposits in concessionaire suppliers	10,000	9,523
Others	46,948	40,660
	149,542	157,333

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

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 June 2012	*31 December 2011*
	RMB'000	*RMB'000*
Trade payables		
Within 60 days	458,346	606,945
61 days to 120 days	33,690	30,431
121 days to 1 year	13,586	7,688
Over 1 year	3,970	4,032
	509,592	649,096
Payable for purchase of property, plant and equipment	35,614	12,201
Accruals	66,532	44,758
Accrued staff costs	16,606	30,139
Deposits from concessionaire suppliers	48,487	43,424
Customer prepaid gift cards	192,788	250,175
Other PRC tax payable	16,998	41,482
Advances from third parties	12,750	49,654
Others	72,023	68,847
	461,798	540,680
	971,390	1,189,776

15. Borrowings

	30 June 2012	31 December 2011
	RMB'000	RMB'000
Secured bank borrowings (Note)	976,024	1,000,085
Other borrowings	—	42,000
	976,024	1,042,085
Carrying amount repayable:		
Within one year	356,249	450,123
More than one year, but not exceeding two years	90,766	47,515
More than two year, but not exceeding five years	197,834	164,432
	644,849	662,070
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)	331,175	380,015
	976,024	1,042,085
Less: Amounts due within one year shown under current liabilities	(687,424)	(830,138)
	288,600	211,947

The bank borrowings comprise:

	30 June 2012	31 December 2011
	RMB'000	RMB'000
Fixed-rate borrowings	412,000	292,000
Variable-rate borrowings	564,024	750,085

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

	30 June 2012	31 December 2011
	%	%
Fixed-rate borrowings	6.100–7.216	6.100–7.216
Variable-rate borrowings	2.850–7.967	2.820–7.967

Note:
The bank borrowings were secured by certain property, plant and equipment, investment properties, land use rights and bank balances owned by the Group.

During the current period, the Group obtained new bank borrowings amounting to RMB392,000,000 (2011: RMB440,000,000) and repaid bank borrowings amounting to RMB418,067,000 (2011: RMB311,453,000). The Group also repaid RMB42,000,000 other borrowings in the current period.

16. Bonds Payable

On 2 February 2011, the Group issued RMB750,000,000 fixed rate Renminbi denominated guaranteed bonds (the "Bonds") with a term of three years. The fixed interest rate is 5.25% per annum, payable semi-annually in arrears on 1 February and 1 August each year.

The Bonds are redeemable fully (but not partially) at the option of the Company in the event of certain changes affecting taxes of the British Virgin Islands, the Cayman Islands, Hong Kong or the PRC. The Bonds are redeemable at the option of the bondholders at any time following the occurrence of a change of the Company's controlling party. Controlling party is defined as any person holding 30% or more of the voting rights of the Company or the right to appoint or remove a majority of the members of the Company's governing body.

The Bonds are measured at amortised cost, using the effective interest method, and the effective interest rate is 5.79% per annum after taking into account transaction costs directly attributable to the issuance of the Bonds.

The movement of the Bonds payable for the period ended 30 June 2012 is set out below:

	30 June 2012	*31 December 2011*
	RMB'000	*RMB'000*
Carrying amount of Bonds at beginning of the period	759,755	—
Issuance of Bonds	—	740,625
Repurchased	(7,072)	—
Interest charge for the period	21,384	38,656
Interest paid	(19,930)	(19,526)
Carrying amount at the end of the period	754,137	759,755
Less: Amounts due within one year shown under current liabilities	(16,253)	(16,406)
	737,884	743,349

The bonds are jointly and severally guaranteed by all of the Company's current and future subsidiaries which are not incorporated under the laws of the PRC and are quoted on the Singapore Exchange Securities Trading Limited (the "Singapore Exchange"). As at 30 June 2012, the quoted market price of the bonds was approximately RMB684 million (31December 2011: RMB709 million).

On 27 June 2012, the Company repurchased certain bonds with an aggregate par values of RMB 7,000,000 on the Singapore Exchange at a consideration of RMB6,658,000. The Bonds are carried at RMB7,072,000 on the date of purchase. A gain of RMB414,000 was recognised in the current period and included in other income.

17. 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 2011, 30 June 2011, 1 January 2012 and 30 June 2012	5,000,000,000	25,000
Issued and fully paid		
Ordinary shares of US$0.005 each		
At 1 January 2011, 30 June 2011and 1 January 2012	4,225,000,000	21,125
Share repurchased and cancelled	10,500,000	53
At 30 June 2012	4,214,500,000	21,072

	30 June 2012	*31 December 2011*
	RMB'000	*RMB'000*
Presented as	143,912	144,271

During the six months ended 30 June 2012, pursuant to the general mandate given to the Directors of the Company, the Company repurchased its own shares through The Stock Exchange of Hong King Limited as follows:

Month of repurchase	**No. of ordinary shares of US$0.005 each of the Company**	**Price per share**		**Aggregate consideration paid**
		Highest	**Lowest**	
		HKD	*HKD*	*HKD'000*
May 2012	4,000,000	0.75	0.75	3,006
June 2012	8,200,000	0.76	0.71	6,091
	12,200,000			9,097

As at the end of 30 June 2012, 10,500,000 shares were repurchased and cancelled. The remaining 1,700,000 shares repurchased by the Company were not yet cancelled as of 30 June 2012 and therefore were treated as treasury stock. Such shares were subsequently cancelled on 31 July 2012.

18. Operating Lease Commitments

The Group as lessee

Operating leases relate to the stores and office premises leased with lease terms ranging from three to twenty-six years.

Lease payment recognised as an expense:

	Six months ended	
	30 June 2012	*30 June 2011*
	RMB'000	*RMB'000*
		(Restated)
Minimum lease payments	75,477	50,287
Contingent rentals	4,115	6,234
	79,592	56,521

Contingent rentals are calculated based on a certain percentage of gross revenue from concessionaire sales of the Group pursuant to the terms of the relevant rental agreements.

At the end of the reporting period, the Group was committed to making future minimum lease payments for operation of department stores and office premises rented under non-cancellable operating leases which fall due as follows:

	30 June 2012	*31 December 2011*
	RMB'000	*RMB'000*
Within one year	113,837	120,289
In the second to fifth year inclusive	455,498	439,863
Over five years	1,118,235	1,025,395
	1,687,570	1,585,547

The Group as lessor

Operating leases relate to the stores owned or leased by the Group being rented out with lease terms ranging from six months to fourteen years.

Rental income recognised:

	Six months ended	
	30 June 2012	*30 June 2011*
	RMB'000	*RMB'000*
		(Restated)
Minimum lease payments	23,091	15,324
Contingent rentals	11,759	8,723
	34,850	24,047

Contingent rentals are calculated based on a certain percentage of gross revenue of the tenants pursuant to the terms of the relevant rental agreements.

18. Operating Lease Commitments (continued)

The Group as lessor (continued)

At the end of reporting period, the Group has contracted with tenants for the following future minimum lease payments in respect of properties rented under non-cancellable operating leases which fall due as follows:

	30 June 2012	*31 December 2011*
	RMB'000	*RMB'000*
Within one year	24,704	14,277
In the second to fifth year inclusive	13,736	21,460
Over five years	2,722	3,392
	41,162	39,129

19. 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 "Controlling Shareholders")
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 and Edward Tan's immediate family members (the "Chan Family")
PCD Stores Limited 中國春天百貨	Company controlled by the Chan Family
LDP Management Limited ("LDP")	Company controlled by the Chan Family
Ports Fashion (Xiamen) Ltd. 黛美服飾(廈門)有限公司	Company controlled by the Chan Family
Vivienne Tam Fashion (Xiamen) Ltd. 韋薇服飾(廈門)有限公司	Company controlled by the Chan Family
Xiamen Ruijing Chun Tian Department Co., Ltd 廈門瑞景春天百貨有限公司 ("PCD Ruijing")	Company controlled by the Chan Family
Beijing Aishangchuntian Electronic Business Co., Ltd 北京愛尚春天電子商務有限公司 ("Aishangchuntian")	Company controlled by the Chan Family

19. Related Party Disclosure (continued)

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

	Six months ended 30 June 2012	Six months ended 30 June 2011
	RMB'000	*RMB'000* *(Restated)*
Commission income		
Ports Fashion (Xiamen) Ltd.	2,372	2,302
Century Ports Apparel (Xiamen) Ltd.	11,626	11,385
Vivienne Tam Fashion (Xiamen) Ltd.	40	223
Aishangchuntian	28	—
	14,066	13,910
Management consultancy service income		
PCD Ruijing	1,500	1,500
LDP (Note)	—	18,000
	1,500	19,500
Rental expense		
Scitech Group Company Limited	23,666	23,666
Gift card handling expense		
Scitech Group Company Limited	847	—
Trademark fee		
Scitech Group Company Limited	50	50

Note: The Group and LDP entered into a general outlet services agreement (the "GOSA") on 29 November 2009. Pursuant to which, the Group provided to LDP services relating to the sourcing, design, preparation and acquisition of properties suitable for the operation of outlet malls in the PRC in return for a service fee of RMB36 million per year. The service agreement was terminated on 15 December 2011.

19. 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 2012	31 December 2011
	RMB'000	RMB'000
Trade nature		
PCD Ruijing	750	3,114
Non-trade in nature		
PCD Stores Limited	—	11,499
	750	14,613

Amounts due to related parties

	30 June 2012	31 December 2011
	RMB'000	RMB'000
Trade in nature		
Century Ports Apparel (Xiamen) Ltd.	10,218	23,560
Ports Fashion (Xiamen) Ltd.	2,154	4,531
Scitech Group Company Limited	31,233	33,906
Vivienne Tam Fashion (Xiamen) Ltd.	157	901
Aishangchuntian	205	—
	43,967	62,898
Non-trade in nature		
LDP	—	1,401

(d) *Compensation of key management personnel*

The emoluments of directors and other members of key management during the period were as follows:

	Six months ended 30 June 2012	30 June 2011
	RMB'000	RMB'000
Short-term employee benefits	3,231	2,318
Post-employment benefits	203	210
Share-based payments	96	452
	3,530	2,980

20. Share-Based Payment Transactions

The Company's share option scheme (the Scheme) was adopted pursuant to a resolution passed on 5 November 2009 for the primary purpose of providing incentives to directors and eligible employees. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. The Scheme will expire on 17 December 2019.

The table below discloses movements in share options during the periods:

	Number of share options
Outstanding at 1 January 2011	42,371,000
Forfeited during the period	(1,742,700)
Outstanding at 30 June 2011	40,628,300
Outstanding at 1 January 2012	40,202,400
Forfeited during the period	(482,700)
Outstanding at 30 June 2012	39,719,700

At the end of each 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.

The Group recognised the total expense of RMB1,792,000 for the six months ended 30 June 2012 (six months ended 30 June 2011: 4,503,000) in relation to share options granted by the Company.

21. Capital Commitments

	30 June 2012	*31 December 2011*
	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	94,308	29,595

22. Event after the End of the Reporting Period

On 16 August 2012, the Company repurchased its certain bonds at an aggregate par values of RMB7,000,000 on the Singapore Exchange at a consideration of RMB6,495,000.

On 24 August 2012, Xin Xi Da Wu fully repaid the temporary advancement from the Group together with the interest payable to the Group (note 10).

OTHER INFORMATION

The Directors submit their interim report together with the unaudited financial results of the Company and its subsidiaries for the six months ended 30 June 2012.

Directors

The Directors of the Company during the six months ended 30 June 2012 were:

Executive Directors	Independent Non-Executive Directors
Mr. Alfred Chan Kai Tai *(Chairman)*	Mr. Li Chang Qing
Mr. Edward Tan Han Kiat	Mr. Ainsley Tai
Mr. Xiang Qiang *(President)* (Appointed with effect from 1 March 2012)	Mr. Randolph Yu

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

As at 30 June 2012, 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, are as follows:

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

	Personal interest	Corporate interest	Total interest	% of total issued shares
Mr. Alfred Chan Kai Tai[1]		1,671,709,919 (L)	1,671,709,919 (L)	39.67% (L)
Mr. Edward Tan Han Kiat[1]		1,671,709,919 (L)	1,671,709,919 (L)	39.67% (L)
Mr. Xiang Qiang		0	0	0
Mr. Li Chang Qing	200,000 (L)[2]			0.005% (L)
Mr. Ainsley Tai	200,000 (L)[2]			0.005% (L)
Mr. Randolph Yu	200,000 (L)[2]			0.005% (L)

(L) = Long Position

Notes:

1. 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.

2. 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.

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

(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 2012, 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 2012 under the Scheme are as follows:

Share options granted on 17 December 2009

	Exercisable from	Exercisable until	Exercise price per option (HK$)	Options held at 1 Jan 2012	Options granted during the period	Options exercised during the period	Options cancelled during the period	Options held at 30 Jun 2012
Mr. Li Chang Qing	17 Dec 2009	16 Dec 2019	2.36	200,000	0	0	0	200,000
Mr. Ainsley Tai	17 Dec 2009	16 Dec 2019	2.36	200,000	0	0	0	200,000
Mr. Randolph Yu	17 Dec 2009	16 Dec 2019	2.36	200,000	0	0	0	200,000
Employees of the Group	17 Dec 2009	16 Dec 2019	2.36	39,602,400	0	0	482,700	39,119,700

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 2012, 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)	37.83% (L)
PIEL[1]	Interest of Controlled Corporation	1,594,139,851 (L)	37.83% (L)
FIL Limited	Investment Manager	296,482,516 (L)	7.03% (L)
Government of Singapore Investment Corporation Pte Ltd	Investment Manager	211,096,000 (L)	5.01% (L)

(L) = Long Position

Note:

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.

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 2012 as recorded on the register required to be kept under section 336 of the SFO.

Purchase, Sales or Redemption of Listed Securities

During 1H2012, the Company repurchased a total of 12,200,000 ordinary shares of the Company at an aggregate consideration of approximately HK$ 9.1 million on the Stock Exchange. Among the repurchased shares, 10,500,000 shares were cancelled before 30 June 2012. 1,700,000 repurchased shares were left uncancelled as at 30 June 2012 and were subsequently cancelled on 31 July 2012. Particulars of the shares repurchased are as follow:

Month of repurchase	No. of ordinary shares repurchased ('000)	Purchase price paid per share (HK$)		Aggregate consideration paid (HK$'000)
		Highest	Lowest	
May 2012	4,000	0.75	0.75	3,006
June 2012	8,200	0.76	0.71	6,091
Total	12,200			9,097

Save as disclose above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during 1H2012.

Significant Events

There have been no significant events affecting the Group which have occurred since 30 June 2012.

Proposed Interim Dividend

The Board recommended an interim dividend of RMB1 cent in cash per share for 1H2012, payable to the shareholders of the Company whose names appear on the register of members of the Company on Monday, 22 October 2012. The interim dividend will be payable on 30 October 2012.

Closure of Register of Members

For the purpose of ascertaining the shareholders' entitlement to the proposed dividend, the register of members of the Company will be closed from Thursday, 18 October 2012 to Monday, 22 October 2012, both days inclusive, during which period no transfers of shares will be effected. In order to qualify for the proposed dividends, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 17 October 2012.

CORPORATE INFORMATION

Directors

Executive Directors:
Mr. Alfred Chan Kai Tai *(Chairman)*
Mr. Edward Tan Han Kiat
Mr. Xiang Qiang *(President)*

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

Registered Office

Appleby Trust (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

Headquarters

No. 76–132 Zhongshan
Road Siming District
Xiamen China 360001

Principal Place of Business in Hong Kong

Room 3310–11, Tower One
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Company Secretary

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

Authorized Representatives

Mr. Alfred Chan Kai Tai
Room 102, Sunbeam Center
27 Shing Yip Street
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

Nomination Committee

Mr. Alfred Chan Kai Tai *(Chairman)*
Mr. Ainsley Tai
Mr. Randolph Yu

Principal Share Registrar and Transfer Office

Appleby Trust (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor
Services Limited
17M Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Principal Bankers

China Construction Bank
Bank of China

Company Website

www.pcds.com.cn

Stock Code

00331.HK