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

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

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

HIGHLIGHTS OF ANNUAL RESULTS

- Self-owned Stores network consisted of 13 department stores and 3 outlet malls
- Same store sales growth of Self-owned Stores was 4.5%
- GSP grew by 12.7% reaching RMB 5,419.4 million
- EBITDA declined by 18.0% with EBITDA margin of 39.2%
- Earnings per share was RMB 3.71 cents
- The Board did not recommend the payment of a final dividend for FY2012

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012 ("FY2012")

The Board of Directors (the "Board") of PCD Stores (Group) Limited (the "Company") is pleased to announce the audited condensed consolidated results of the Company and its subsidiaries (the "Group") for FY2012 with comparative figures for the year ended 31 December 2011 ("FY2011") as follows:

*For identification purpose only

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 RMB'000	2011 RMB'000
Revenue	4	1,289,449	1,278,251
Other income	5	238,356	191,048
Change in fair value of investment properties		-	10,360
Purchase of and changes in inventories		(294,998)	(255,109)
Employee benefits expense		(227,787)	(173,594)
Depreciation and amortisation		(114,137)	(65,445)
Operating lease rental expense		(161,033)	(153,920)
Other operating expenses	6	(337,748)	(279,582)
Share of loss of an associate		(139)	-
Finance costs	7	(87,397)	(85,958)
Profit before tax		304,566	466,051
Income tax charge	8	(117,596)	(134,154)
Profit for the year		186,970	331,897
Profit for the year attributable to:			
Owners of the Company		156,335	312,759
Non-controlling interests		30,635	19,138
		186,970	331,897
Earnings per share	10		
Basic (RMB cents)		3.71	7.40
Diluted (RMB cents)		3.71	7.40

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 RMB'000	2011 RMB'000
Profit for the year and total comprehensive income for the year	186,970	331,897
Attributable to:		
Owners of the Company	156,335	312,759
Non-controlling interests	30,635	19,138
	186,970	331,897

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2012

	Notes	31 December 2012 RMB'000	31 December 2011 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		2,512,695	2,544,715
Deposit for acquisition of land use rights		230,000	-
Investment properties		674,400	674,400
Interests in an associate		1,361	1,500
Land use rights		173,558	60,391
Goodwill		22,974	22,974
Loan receivables	11	120,833	-
Deferred tax assets		21,906	10,392
Restricted bank balances		12,000	12,000
		3,769,727	3,326,372
CURRENT ASSETS			
Inventories		75,418	66,033
Prepayments, trade and other receivables	12	151,381	157,333
Loan receivables	11	13,267	100,000
Land use rights		2,013	2,013
Amounts due from related parties	16(c)	21,526	14,613
Held for trading investments		20,399	19,984
Short-term investments		172,930	120,000
Restricted bank balances		93,929	117,420
Bank balances and cash		1,300,699	1,711,164
		1,851,562	2,308,560
CURRENT LIABILITIES			
Trade and other payables	13	1,254,965	1,189,776
Bonds payable	15	748,335	16,406
Tax payable		46,974	39,542
Dividend payables to owners of the Company/non-controlling shareholders		260	7,232
Borrowings - due within one year	14	673,237	830,138
Amounts due to related parties	16(c)	20,022	64,299
		2,743,793	2,147,393
NET CURRENT (LIABILITIES) ASSETS		(892,231)	161,167
TOTAL ASSETS LESS CURRENT LIABILITIES		2,877,496	3,487,539
NON-CURRENT LIABILITIES			
Borrowings - due after one year	14	264,448	211,947
Bonds payable	15	-	743,349
Deferred tax liabilities		112,778	108,267
		377,226	1,063,563
		2,500,270	2,423,976
CAPITAL AND RESERVES			
Share capital		143,769	144,271
Share premium and reserves		2,281,910	2,252,556
Equity attributable to owners of the Company		2,425,679	2,396,827
Non-controlling interests		74,591	27,149
		2,500,270	2,423,976

Notes to Financial Statements

1. GENERAL INFORMATION AND BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

PCD Stores (Group) Limited (the "Company", together with its subsidiaries are hereafter collectively referred as the "Group") is an exempted company incorporated in the Cayman Islands. Its shares are listed on the Stock Exchange of Hong Kong Limited with effect from 15 December 2009. The registered office of the Company is situated at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands, and its principal place of business is situated at No. 193-215 Zhongshan Road, Xiamen 361000, the PRC. Its parent company is Bluestone Global Holdings Limited (incorporated in the British Virgin Islands). The Company is an investment holding company and the principal business of its subsidiaries is the operation of department stores in PRC.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

In preparing the consolidated financial statements for the year ended 31 December 2012, the directors of the Company have given careful consideration to the future liquidity of the Group in light of its net current liabilities of approximately RMB892.2 million as at 31 December 2012, and the capital commitment of approximately RMB109.1 million as at 31 December 2012. Having considered i) the Group had net operating cash inflow for the year ended 31 December 2012 of RMB315.0 million; 2) the Group had majority of its borrowings as at 31 December 2012 which were secured by certain buildings (classified as property, plant and equipment and investment properties), land use rights and bank balances of the Group and, in the opinion of the directors, which can be renewed on their maturity dates; and 3) the Group had buildings (classified as property, plant and equipment and investment properties) in an aggregate carrying amount of more than RMB1.45 billion which remain available to the Group to pledge for additional banking facilities, the directors of the Company are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current year, the Group has applied the following amendments to standards issued by the International Accounting Standards Board.

-Amendments to IAS 12	Deferred Taxes: Recovery of Underlying Asset; and
-Amendments to IFRS 7	Financial Instruments: Disclosures - Transfers of Financial 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.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") – continued

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 amendments to standards in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised standards, amendments and interpretation that have been issued but are not effective.

Amendments to IFRSs	Annual Improvements to IFRSs 2009-2011 Cycle[1]
Amendments to IFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities[1]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[2]
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities Transition Guidance[1]
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities[4]
IFRS 9	Financial Instruments[2]
IFRS 10	Consolidated Financial Statements[1]
IFRS 11	Joint Arrangements[1]
IFRS 12	Disclosure of Interests in Other Entities[1]
IFRS 13	Fair Value Measurement[1]
IAS 19 (as revised 2011)	Employee Benefits[1]
IAS 27 (as revised 2011)	Separate Financial Statements[1]
IAS 28 (as revised 2011)	Investments in Associates and JointVentures[1]
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income[3]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[4]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine[1]

[1] Effective for annual periods beginning on or after 1 January 2013
[2] Effective for annual periods beginning on or after 1 January 2015
[3] Effective for annual periods beginning on or after 1 July 2012
[4] Effective for annual periods beginning on or after 1 January 2014

The directors of the Company anticipate that the application of the new and revised standards, amendments or interpretation will have no material impact on the results and the financial position of the Group but will lead to more extensive disclosures in certain areas.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

4. 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:

	2012 RMB'000	2011 RMB'000
Commissions from concessionaire sales (Note)	842,366	798,156
Sales of goods	349,472	329,295
Rental income	60,311	51,950
Catering service income	29,356	-
Management consultancy service income	7,944	98,850
	1,289,449	1,278,251

Note:

The commissions from concessionaire sales is analysed as follows:

	2012 RMB'000	2011 RMB'000
Gross revenue from concessionaire sales	5,069,947	4,481,188
Commissions from concessionaire sales	842,366	798,156

5. OTHER INCOME

	2012 RMB'000	2011 RMB'000
Property management income	45,213	33,231
Advertisement and promotion administration income	56,037	40,001
Display space leasing income	6,891	5,851
Bank interest income	21,479	32,677
Gain on short-term investments	4,967	658
Credit card handling income	38,295	33,224
Change in fair value of held for trading investments	464	320
Interest income from loan receivables	10,383	10,000
Gain on repurchase of bonds	1,015	-
Government grants	8,118	2,503
Compensation from a lessor	6,394	-
Others	39,100	32,583
	238,356	191,048

6. OTHER OPERATING EXPENSES

Other operating expenses are analysed as follows:

	2012 RMB'000	2011 RMB'000
Auditors' remuneration	2,420	2,200
Professional service fee (Note i)	17,488	861
Promotion, advertising and related expenses	87,392	66,798
Water, electricity and heating	36,863	30,084
Other taxes	49,667	69,544
Bank charges	51,130	43,826
Net foreign exchange loss/(gains)	934	(2,840)
Store operating costs (Note ii)	35,335	22,151
Others	56,519	46,958
	337,748	279,582

Notes:

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

(ii) The amounts mainly represent the cost of security, cleaning, uniform and maintenance for department stores' daily operation.

7. FINANCE COSTS

	2012 RMB'000	2011 RMB'000
Interest expenses on:		
Bank borrowings and other borrowings, wholly repayable within five years	45,614	47,302
Bonds payable	41,783	38,656
	87,397	85,958

8. INCOME TAX CHARGE

	2012 RMB'000	2011 RMB'000
The charge comprises:		
PRC Enterprise Income Tax	124,599	128,986
Deferred tax	(7,003)	5,168
	117,596	134,154

9. DIVIDENDS

	2012 RMB'000	2011 RMB'000
Dividends recognised as distribution during the year:		
2012 Interim - RMB1.0 cents (2011 interim dividend RMB1.8 cents) per share	42,103	76,050
2011 final - RMB1.9 cents (2010: Final - RMB1.9 cents) per share	80,275	80,275
	122,378	156,325

The directors have not proposed any dividend in respect of the year ended 31 December 2012.

10. EARNINGS PER SHARE

Earnings

	2012 RMB'000	2011 RMB'000
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	156,335	312,759

Number of shares

	2012 '000	2011 '000
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	4,217,387	4,225,000

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options since the exercise price of the share options are higher than the average market price for both years.

11. LOAN RECEIVABLES

	31 December 2012 RMB'000	31 December 2011 RMB'000
Loan receivables	134,100	100,000
Analysed for reporting purpose as:		
Current assets	13,267	100,000
Non-current assets	120,833	-
	134,100	100,000

As at 31 December 2012, the loan receivables carried fixed interest rates from 6% to 18% per annum (2011:10%).

The contractual maturity date of the loan receivables are as follows:

	31 December 2012 RMB'000	31 December 2011 RMB'000
Within one year	13,267	100,000
More than one year but not more than two years	100,000	-
More than two year but not more than five years	20,833	-
	134,100	100,000

11. LOAN RECEIVABLES – continued

As at 31 December 2012, loan receivables amounting to RMB95,000,000 (2011:RMB100,000,000) were 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. Loan receivables amounting to RMB9,100,000 were secured by the borrower's inventories. Loan receivables amounting to RMB30,000,000 were unsecured and the Group has the right to offset the outstanding balance against future rental payments.

None of these assets have been past due or impaired at the end of the reporting period.

12. PREPAYMENTS, TRADE AND OTHER RECEIVABLES

The following is an analysis of trade and other receivables presented based on the date that services are rendered/goods are delivered at the end of the reporting period:

	31 December 2012	31 December 2011
	RMB'000	RMB'000
Trade receivables		
within 60 days	27,885	22,928
61 days to 120 days	1,425	590
121 days to 360 days	246	-
Prepaid rentals	9,167	5,206
Advances to suppliers	15,649	5,710
Prepaid value-added tax	34,532	23,130
Advance to non-controlling shareholders	-	14,995
Interest receivables from bank and loan receivables	4,975	19,591
Other deposits	12,552	15,000
Deposits in concessionaire suppliers	4,583	9,523
Others	40,367	40,660
	151,381	157,333

Retail sales to individual consumers are usually settled in cash or by debit card or credit card. Certain of the Group's corporate customers also issue debit cards to other consumers ("shopping card") who use such shopping cards to shop in the Group's department stores (that is, retail sales on corporate accounts). The Group has a policy of allowing an average credit period of 60 days to its customers of management consultancy service and 30 days to issuers of shopping cards and certain retail customers. Overdue balances are reviewed regularly by the Group's management.

Trade receivables at the reporting date principally represent receivables from unrelated parties from management consulting fees, issuers of shopping cards and certain retail customers.

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

13. TRADE AND OTHER PAYABLES

The average credit period taken for the settlement of concessionaire sales and trade purchases is 30 to 60 days. The following is an aged analysis of trade payables presented based on invoice date at the end of the reporting period:

	31 December 2012	31 December 2011
	RMB'000	RMB'000
Trade payables		
Within 60 days	642,806	606,945
61 days to 120 days	57,076	30,431
121 days to 1 year	10,573	7,688
Over 1 year	5,731	4,032
	716,186	649,096
Payable for purchase of property, plant and equipment	17,390	12,201
Accruals	81,739	44,758
Accrued staff costs	34,649	30,139
Deposits from concessionaire suppliers (Note i)	53,306	43,424
Customer prepaid gift cards (Note ii)	217,599	250,175
Other PRC tax payable	50,161	41,482
Advances from third parties (Note iii)	6,435	49,654
Payables to non-controlling shareholders	5,329	-
Others	72,171	68,847
	538,779	540,680
	1,254,965	1,189,776

Notes:

(i) The deposits from concessionaire suppliers are refundable upon expiry of the concessionaire agreements.

(ii) Customer prepaid gift cards represent the prepayment made by the customers of the department stores for purchase of merchandise in the future.

(iii) As at 31 December 2012, advances from third parties of RMB6,435,000 (31 December 2011: RMB49,654,000) were unsecured, interest free and repayable on demand.

14. BORROWINGS

	31 December 2012	31 December 2011
	RMB'000	RMB'000
Secured bank borrowings (Note)	798,685	1,000,085
Unsecured bank borrowings	139,000	-
Other borrowings	-	42,000
	937,685	1,042,085
Carrying amount repayable:		
Within one year	495,875	551,461
More than one year, but not exceeding two years	193,463	148,853
More than two year, but not exceeding five years	248,347	341,771
	937,685	1,042,085
Less: Amount not repayable within one year from the end of the reporting period but contain a repayment on demand clause	(278,713)	(380,015)
Amounts due within one year	(394,524)	(450,123)
Amounts shown under current liabilities	(673,237)	(830,138)
Amounts shown under non-current liabilities	264,448	211,947

The borrowings comprise:

	31 December 2012	31 December 2011
	RMB'000	RMB'000
Fixed-rate borrowings	389,000	292,000
Variable-rate borrowings	548,685	750,085

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

	31 December 2012	31 December 2011
	%	%
Fixed-rate borrowings	5.600~6.480	6.100~7.216
Variable-rate borrowings	2.850~7.967	2.820~7.967

In respect of variable rate borrowings, the RMB-denominated loans carried interest at rates ranging from 90% to 113% of the market rates set by the People's Bank of China, whereas HK$-denominated loans carried interest at a rate of 2.85% (2011:2.45%) over the Hong Kong Interbank Offer Rate. HK$-denominated loans amounted to RMB278,713,000 as at 31 December 2012 (31 December 2011: RMB380,015,000). Others are RMB-denominated loans.

15. 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. In January 2013, Bluestone (as defined in note 17) and PGL (as defined in note 17) entered into the Bluestone Sale Agreement and PGL Sale Agreement with the Offeror (as defined in note 17), respectively, in respect of the conditional sale of an aggregate of 1,664,139,851 ordinary shares of the Company to the Offeror. Upon completion of the Bluestone Sale and PGL Sale Agreement, there will be a change in the controlling party of the Company and the Bonds will become redeemable at the option of the bondholder immediately. therefore, the Bonds have been classified as current liabilities as at 31 December 2012. Further details are set out in note 17.

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 year ended 31 December 2012 is set out below:

	2012 RMB'000	2011 RMB'000
Carrying amount at the beginning of the year	759,755	-
Net proceeds from issuance of bonds	-	740,625
Repurchase	(14,168)	-
Interest charge for the year	41,783	38,656
Interest paid	(39,035)	(19,526)
Carrying amount at the end of the year	748,335	759,755
Less: Amounts classified under current liabilities	(748,335)	(16,406)
	-	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 (the "Singapore Exchange"). As at 31 December 2012, the quoted market price of the bonds was approximately RMB710 million (31 December 2011: RMB709 million).

On 27 June 2012 and 21 August 2012, the Company repurchased certain bonds with an aggregate par values of RMB14,000,000 on the Singapore Exchange at a total consideration of RMB13,153,000. The Bonds are carried at RMB14,168,000 on the dates of repurchase. A total gain of RMB1,015,000 was recognised in the current year and included in other income.

16. RELATED PARTY DISCLOSURE

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

Name	Relationship
Ports International Enterprises Limited ("PIEL")	Ultimate holding company, controlled by Alfred Chan and Edward Tan (the "Chan family")
Century Ports Apparel (Xiamen) Ltd. 世紀寶姿服裝(廈門)有限公司	Company controlled by PIEL
PCD Stores Limited 中國春天百貨	Company controlled by the Chan family
Scitech Group Company Limited 賽特集團有限公司	Company controlled by Alfred Chan and Edward Tan's immediate family members (the "broader Chan family")
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
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
Beijing Aishang Chuntian Electronic Business Co., Ltd. 北京爱尚春天电子商务有限公司	Company controlled by the broader Chan family

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

	2012 RMB'000	2011 RMB'000
Rental expense		
Scitech Group Company Limited (Note i)	47,710	47,710
Gift card handling expense		
Scitech Group Company Limited	2,059	-
Trademark fee		
Scitech Group Company Limited	100	100
Commission income		
Ports Fashion (Xiamen) Ltd.	4,561	5,024
Century Ports Apparel (Xiamen) Ltd.	23,947	23,947
Vivienne Tam Fashion (Xiamen) Ltd.	70	425
Beijing Aishang Chuntian Electronic. Business Co., Ltd.	31	-
	28,609	29,396
Management consultancy service income		
PCD Ruijing	2,701	3,000
LDP (Note ii)	-	34,500
	2,701	37,500

16. RELATED PARTY DISCLOSURE – continued

(b) The Group entered into the following significant transactions with related parties during the year – continued

Notes:

(i) Pursuant to a lease entered into by Scitech Group Company Limited and the Group, Scitech Group Company Limited agreed to lease to the Group with effect from 1 July 2007 the Scitech Plaza, for a term of 12 years. Scitech Group Company Limited is the owner of the Scitech Complex, consisting of an office, hotel, restaurants and retail complex, which includes Scitech Plaza.

Scitech Group entered into a lease with the Company, pursuant to which Scitech Group agreed to grant to the Company a lease with effect from 5 July 2007 for office space within the Scitech Complex, for a term of 4 years and a half, with a total area of 1,056 sq.m. After the expiration of the original lease contract on 29 December 2011, the agreement was extended for a three-year period to 31 December 2014.

(ii) 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 GOSA was terminated on 15 December 2011 after the take-over of Beijing Scitech Outlets by the Group during the year ended 31 December 2011.

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

Amounts due from related parties

	31 December 2012 RMB'000	31 December 2011 RMB'000
Trade in nature		
PCD Ruijing	503	3,114
Scitech Group Company Limited	20,265	-
Beijing Aishang Chuntian Electronic Business Co., Ltd	758	-
	21,526	3,114
Non-trade in nature		
PCD Stores Limited	-	11,499
	21,526	14,613

16. RELATED PARTY DISCLOSURE – continued

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

The following is an aged analysis of amounts due from related parties which are trade in nature based on services are rendered/goods are delivered at the end of the reporting period:

	31 December 2012	31 December 2011
	RMB'000	RMB'000
Within 60 days	21,526	3,114

The trade credit period granted to related parties ranges from 30 days to 90 days.

None of the amounts due from related parties that are trade in nature were over 60 days at 31 December 2012 and 31 December 2011, thus the Group has not provided for impairment loss at the end of the reporting period.

The maximum balance outstanding for amounts of a non-trade in nature due from related parties during the year was as follows:

	2012	2011
	RMB'000	RMB'000
PCD Stores Limited	11,499	16,394

Amounts due to related parties

	31 December 2012	31 December 2011
	RMB'000	RMB'000
Trade in nature		
Century Ports Apparel (Xiamen) Ltd.	16,874	23,560
Ports Fashion (Xiamen) Ltd.	3,047	4,531
Scitech Group Company Limited	-	33,906
Vivienne Tam Fashion (Xiamen) Ltd.	101	901
	20,022	62,898
Non-trade in nature		
LDP	-	1,401
	20,022	64,299

16. RELATED PARTY DISCLOSURE – continued

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

Amounts due to related parties - continued

The following is an aged analysis of amount due to related parties which are trade in nature based on the invoice date at the end of the reporting period:

	31 December 2012	31 December 2011
	RMB'000	RMB'000
Within 60 days	20,022	38,992
61 days to 120 days	-	16,991
121 days to 1 year	-	6,915
	20,022	62,898

(d) Compensation of key management personnel

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

	2012	2011
	RMB'000	RMB'000
Salaries and other benefits	7,862	5,348
Retirement benefit schemes contributions	1,400	525
Equity-settled Share-based payments	188	612
	9,450	6,485

17. EVENT AFTER THE END OF THE REPORTING PERIOD

The Sale Agreements

Pursuant to the Company’s announcement dated 31 January 2013, The Company was informed by Bluestone Global Holdings Limited ("Bluestone", parent of the Company) and Portico Global Limited ("PGL", a shareholder of the Company) that, on 24 January 2013, Belmont Hong Kong Ltd. (the "Offeror", a wholly-owned subsidiary of Beijing Wangfujing International Commercial Development Co., Ltd. ("WFJ International")) entered into the Bluestone Sale Agreement with Bluestone and the PGL Sale Agreement with PGL. Pursuant to the Bluestone Sale Agreement, Bluestone has conditionally agreed to sell, and the Offeror has conditionally agreed to acquire, 1,594,139,851 Shares in aggregate at the purchase price of HK$1.20 per Share, for a total cash consideration of HK$1,912,967,821.20. Pursuant to the PGL Sale Agreement, PGL has conditionally agreed to sell, and the Offeror has conditionally agreed to acquire, 70,000,000 Shares in aggregate at the purchase price of HK$1.20 per Share, for a total cash consideration of HK$84,000,000.

17. EVENT AFTER THE REPORTING PERIOD - continued

The Offeror's obligation to complete the purchase of the Shares under the Bluestone Sale Agreement is conditional upon satisfaction or waiver of the following conditions:

(a) all authorisations which are required from the Ministry of Commerce of the PRC or its authorised local agency (the "MOC"), the National Development and Reform Committee of the PRC or its authorised local agency (the "NDRC"), the State-owned Assets Supervision and Administration Commission of the PRC or its authorised local agency (the "SASAC") and the State Administration of Foreign Exchange of the PRC or its authorised local agency (the "SAFE") for the performance of the obligations under the Bluestone Sale Agreement by the Offeror having been obtained and all filings with the MOC, the NDRC, the SASAC and the SAFE which are required for the entering into and the implementation of the Bluestone Sale Agreement having been made (and such authorisations remaining in full force and effect at the simultaneous completion of the Bluestone Sale Agreement and the PGL Sale Agreement (the "Completion")) and there being no statement, notification or intimation of an intention to revoke or not to renew the same having been made by the relevant Authority;

(b) all consents and approvals of the MOC required in respect of any merger control notification or filing which is required in connection with the sale and purchase of the Bluestone sale of shares and the conditional mandatory cash offer by Somerley Limited (the "Somerley"), the independent financial adviser to the Offeror, on behalf of the Offeror to acquire all of the issued and to be issued ordinary shares of US$0.005 each in the capital of the Company (the "Shares") (other than those Shares already owned by or agreed to be acquired by the Offeror and parties acting in concert with it at the time the Share Offer is made) at HK$1.20 per share in accordance with the Takeovers Code (the "Share Offer") having been obtained either unconditionally or on terms reasonably satisfactory to the Offeror;

(c) no governmental action, court order, proceeding, enquiry or investigation having been taken or made at any time prior to completion that has the effect of making unlawful or otherwise prohibiting or restricting the transfer of the Bluestone sale of shares to the Offeror or the Share Offer;

(d) the intellectual property rights in respect of certain trademarks (including those that are registered in the PRC in the name of Bluestone or one of its affiliates and currently used in the business of the group) having been licensed to the Group free of charge for the remainder of their respective periods of registration, and undertakings having been given by the registered owners (on terms reasonably satisfactory to the Offeror) to apply for renewals of the relevant registrations and, if the renewals are granted, to continue to license the respective registrations free of charge for the entire period of such renewal(s) (for a period of 50 years in total);

(e) there having been no material breach of the warranties given by Bluestone (and no fact, event or circumstances having occurred or existing which would result in a material breach of the warranties given by Bluestone when repeated at Completion); and

(f) there having been no material breach by Bluestone of its pre-Completion obligations under the Bluestone Sale Agreement.

17. EVENT AFTER THE REPORTING PERIOD - continued

The Offeror's obligation to complete the purchase of the PGL Sale of shares under the PGL Sale Agreement is conditional upon the Bluestone Sale Agreement becoming unconditional in all respects.

Possible conditional mandatory cash offers

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror will, following the completion of the acquisition of the Shares under Bluestone Sale Agreement and PGL Sale Agreement, then be required to make the Share Offer for all the issued Shares (other than those Shares already owned by or agreed to be acquired by the Offeror and parties acting in concert with it at the time the Share Offer is made). The Offeror will also be required to make the option offer for the cancellation of all outstanding Options of the Company pursuant to Rule 13 of the Takeovers Code.

Compulsory acquisition and withdrawal of listing of the Company

The Offeror intends to consider availing itself of exercising the right under section 88 of the Cayman Islands Companies Law to compulsorily acquire those Shares not acquired by the Offeror under the Share Offer if, within four months after the dispatch of related offer document and the offeree board circular, it has acquired not less than 90% of the Shares subject to the Share Offer in accordance with Rule 2.11 of the Takeovers Code. On completion of the compulsory acquisition (if applicable), the Company will become a wholly-owned subsidiary of the Offeror and an application will then be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

As at the date of approval of these consolidated financial statements, the parties are in the process of obtaining relevant consent or approval from the respective PRC government authorities for execution of the Bluestone Sale Agreement.

BUSINESS REVIEW

Year 2012 has been a very fruitful year for the Group as the two of our long-awaited projects, Shenyang Scitech Premium Outlet Mall and PCD Xian Phase II, have formally commenced operations in the summer of 2012.

As a frontier in the outlet industry of the PRC, the Group has gained a very good reputation among its customers stemmed from the operation of Beijing Scitech Premium Outlet Mall in the offering of high-end merchandize for attractive price and at a unique and enjoyable shopping environment. In light of the strong growth and profitability as shown in Beijing Scitech Premium Outlet Mall since its operation in 2010, the Group is minded to repeat the success in other appropriate and potential areas in China. It is against this background which Shenyang Scitech Premium Outlet Mall was developed and constructed.

Situated in the Qipanshan Scenery Zone and with an approximately 53,000 square meters of gross floor area, the lavishly constructed Shenyang Scitech Premium Outlet Mall has quickly established itself as the most exciting retail location for shoppers in Shenyang, capital of Liaoning province which has been widely recognized as one of the most significant retail markets in China. More than 150 renowned local and international brands, such as Armani, Bally, Zegna, Hugo Boss, Coach, Ports, BMW Lifestyle, Lacoste, Cerrutti 1881, Diesel, are present and customers can enjoy authentic European outlet experience within the beautiful premises decored in northern European style. Since its operation in August 2012, it has already been showing an improving sales performance and we are optimistic that Shenyang Scitech Premium Outlet Mall will enjoy a positive prospect in future.

While the Group continues to expand its footprints in the fast-growing outlet industry, the opening of PCD Xian Phase II illustrates the Group's commitment to the expansion of its department store network. Sitting adjacent to a potential International five-star hotel and Grade A office towers in the South Gate Square of Xi'an, PCD Xian is part of the glamorous multi-purpose complex which has been acknowledged and recognized as the landmark in the city. Gucci, Zegna, Bally, I.T and supermarket Ole are just few of a long list of famous names that have already commenced operations, with YSL, Emporio Armani, Bottega Veneta, Hugo Boss expected to follow. Coupled with PCD Xian Phase I, the Group provides approximately 80,000 square meters of gross floor area of luxurious shopping environment to the high-income spenders in Xi'an and nearby cities.

BUSINESS OUTLOOK

In spite of signs of modest recovery in the PRC retail segment and global market condition, the management team continues to explore and invest opportunities across China, which we see a potential of benefiting the long term development strategy of the Group. In particular, Guizhou province has long been regarded by the Group as one of the important footholds within our network. Our understanding and possession of first hand information about this market allow us to identify and grab the right opportunity as soon as it becomes available. To this end, we herald the opening of Zunyi Modern Capital Mall, our second department store in Zunyi city following the footstep of the Zunyi Modern Capital Department Store. It boasts an approximately 55,000 square meters of gross floor area and is well set in the modern premises of the Manhattan Plaza, centrally located at the established business circle in Huichuan district, Zunyi, where the city government is located. This mall will bring in a variety of leading international names such as Armani Jeans, Levi's, CK Jeans, Ports 1961, Versace Jeans to this area, which makes it a shopping paradise for the fashionable and affluent customers' segment of the city. The management expects that the mall will immediately be benefited from the high level of recognition of Zunyi Modern Capital Department Store (as well as its solid VIP customer base) and at the same time, complement the brand coverage and portfolio of its peer which primarily targets the mid to mid-high income spenders in town. No doubt, the addition of Zunyi Modern Capital Mall will further solidify our dominant and leading status in the retail market of Guizhou province.

In addition, our project management team is also working tirelessly for the launching of another project in Guiyang, a city which has shown to possess enormous purchasing power in recent years. This exciting project is strategically situated in the heart of the prosperous "Da Nan Men commercial circle" and will form part of the most spectacular commercial complex comprising top tier international hotels and office towers. Upon completion, it will add a gross floor area of approximately 50,000 square meters to our retail portfolio. Although it is still in the construction stage with the expected soft opening in 2014 well on track, the positive response that we have received from the potential tenants during the leasing process has brought us strong confidence over its prospect of becoming one of the most upscale retail precincts in Guiyang and nearby cities, and it looks destined to introduce a new dimension of shopping, pleasure and experience in the center of this blooming market.

Leveraging on the expertise and knowledge in the department store and outlet businesses as well as our growing understanding and relationship with the local market participants and government officials, our management and project team are working extremely hard in identifying prospective locations and business opportunities for our continuing network expansion, whether for department stores or outlets and whether at tier one, tier two or tier three cities, with a view to ensure that the Group will remain as a leading market player in the years to come.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Overview

As of 31 December 2012, the Group operated 13 department stores and 3 outlet malls (each is referred to individually as a "Self-owned Store" and collectively as the "Self-owned Stores"), as compared with 11 department stores and 2 outlet malls as of 31 December 2011. For the financial year ended 31 December 2012 ("FY2012"), gross sales proceeds ("GSP") of the Group reached RMB 5,419.4 million, increased by 12.7% or RMB 608.9 million, as compared with RMB 4,810.5 million for the financial year ended 31 December 2011 ("FY2011"). The Group's revenue increased slightly by 0.9% or RMB 11.2 million from RMB 1,278.3 million in FY2011 to RMB 1,289.4 million in FY2012. Operating profit (i.e. EBITDA – Earnings Before Interest, Tax and Depreciation and Amortization) of the Group decreased by 18.0 % or RMB 111.4 million, from RMB 617.5 million in FY2011 to RMB 506.1 million in FY2012. The decrease in operating profit were due to, among other things, the start-up cost and operating expenses incurred in connection with the opening of the new stores during FY2012, such as Shenyang Scitech Premium Outlet Mall and PCD Xian Phase II, as well as the reduction in the management consultancy services income.

Revenue

The Group's revenue increased slightly by 0.9% or RMB 11.2 million, from RMB 1,278.3 million in FY2011 to RMB 1,289.4 million in FY2012. The Group's revenue was impacted by the reduction in the management consultancy services income, which was partially offset by the increase in sales as well as the new income stream from the catering services income in the amount of RMB 29.4 million.

Commissions from concessionaire sales and sales of goods grew by 5.5% or RMB 44.2 million and 6.1% or RMB 20.2 million, respectively, from RMB 798.2 million in FY2011 to RMB 842.4 million in FY2012 and from RMB 329.3 million in FY2011 to RMB 349.5 million in FY2012 respectively. Both increments were attributable by the revenue from (i) the conversion of Guiyang Guochen from a managed store to Self-owned Store in the second half of 2011 ("2H2011"), (ii) the commencement of operation of Guiyang Jinyuan TP Mall in FY2011, Shenyang Scitech Premium Outlet Mall and PCD Xian Phase II towards the second half of 2012 ("2H2012") and (iii) the sales growth from our existing Self-owned Stores.

Management consultancy services income decreased by 92.0% or RMB 90.9 million from RMB 98.8 million in FY2011 to RMB 7.9 million in FY2012 as a result of the expiration of certain management contracts. Two events mainly attributed to the reduction of this category of income. Firstly, the general outlet services agreement with LDP Management Limited was terminated immediately upon the acquisition of Beijing Scitech Premium Outlet Mall in December 2011. Secondly, the Group ceased to provide management services to the operator of PCD Xian Phase I pending the transitional arrangement for its integration with PCD Xian Phase II and hence, no management consultancy services income was received during FY2012. Following the opening of PCD Xian Phase II in 1H2012, the Group has assumed the operation of PCD Xian Phase I since 1 January 2013, which is expected to bring positive impact on the Group's revenue for the FY2013.

The Group's GSP reached RMB 5,419.4 million in FY2012, representing an increase of 12.7% or RMB 608.9 million as compared with RMB 4,810.5 million in FY2011. Same stores sales growth of the Self-owned Stores was 4.5 % in FY2012. Concessionaire sales contributed 93.6% of the total GSP and direct sales accounted for the remaining 6.4% in FY2012, as compared with 93.2% and 6.8% respectively in FY2011. The increasing contribution of concessionaire sales from the outlet business accounted for the changes above. Gross profit margin (i.e. combination of margins of concessionaire sales, direct sales and catering services income) of the Group decreased from 18.1% in FY2011 to 17.0% in FY2012. However, if the outlet mall business is excluded, the gross profit margin would be 18.6% in FY2012 (FY2011: 19.7%). The decrease in the gross profit margin was mainly attributable to (i) the higher proportion of sales coming from merchandize carrying a lower concessionaire rate, (ii) the discount offered in promotional activities as well as (iii) the increasing contribution of outlet business, which carries a lower gross profit margin compared with department store business as a matter of common industry 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 24.8% or RMB 47.3 million, from RMB 191.0 million in FY2011 to RMB 238.4 million in FY2012. The contribution of other income from Guiyang Guochen, a Self-owned Store which was converted from managed store in 2H2011, and the new stores opened in FY2011 and FY2012 such as Guiyang Jinyuan TP Mall, Shenyang Sctiech Premium Outlet Mall as well as PCD Xian Phase II, contributed to such increment. Other income as a percentage of revenue rose from 14.9% in FY2011 to 18.5% in FY2012.

Purchase of Goods and Changes in Inventories

The purchase of goods and changes in inventories included costs incurred for direct sales, which mainly comprised of cosmetic and skincare products, and costs related to catering services. Purchase of goods and changes in inventories were increased by 15.6% or RMB 39.9 million, from RMB 255.1 million in FY2011 to RMB 295.2 million in FY2012, due to the increase in direct sales as well as the catering services costs, which the Group began to incur in FY2012 when the Group started its catering related business, leading to the generation of catering services income (see the paragraph headed "Revenue").

Employee Benefits Expense

Employee benefits expense increased by 31.2% or RMB 54.2 million, from RMB 173.6 million in FY2011 to RMB 227.8 million in FY2012. There were two major causes for the increment, the first reason was the increase in the number of staff from approximately 2,800 as of 31 December 2011 to approximately 3,500 as of 31 December 2012 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 13.6% in FY2011 to 17,7% in FY2012.

Depreciation and Amortization
Depreciation and amortization increased by 74.4% or RMB 48.7 million, from RMB 65.4 million in FY2011 to RMB 114.1 million in FY2012. The depreciation expenses of the property acquired in Taiyuan (at which our PCD Taiyuan is located at), as well as our self-owned property in Xi'an (at which our PCD Xian Phase II is located at), construction of which was completed in the first half of 2012 ("1H2012"), have begun to account for respectively in 2H2011 and 1H2012. In addition, the depreciation expenses for the fixtures of the two newly opened stores (i.e. Guiyang Jinyuan TP Mall which had begun to account for in 2H2011, and Shenyang Scitech Premium Outlet Mall which had begun to account for in 1H2012) were part of the components under this category of expense. Depreciation and amortization as a percentage of revenue increased from 5.1% in FY2011 to 8.9% in FY2012.

Operating Lease Rental Expense
Operating lease rental expense increased by 4.6% or RMB 7.1 million, from RMB 153.9 million in FY2011 to RMB 161.0 million in FY2012. The increase was attributable to the full-year effect on rental expenses of our new Self-owned Stores added during FY2011 and FY2012. Shenyang Scitech Premium Outlet Mall, which its operating lease rental expense had begun to account for in 1H2011 and Guiyang Guochen, which its operating lease rental expense had begun to account for in 2H2011, mainly contributed to such increment. The above increment was partially offset by the decrease in rental expenses of PCD Taiyuan due to the acquisition of the property at which PCD Taiyuan is located in 2H2011. Operating lease rental expense as a percentage of revenue slightly increased from 12.0% in FY2011 to 12.5% in FY2012.

Other Operating Expenses
Other operating expenses mainly comprised of promotion, advertising and related expenses, bank charges and utilities expenses. Other operating expenses increased by 20.8% or RMB 58.2 million, from RMB 279.6 million in FY2011 to RMB 337.7 million in FY2012. The increase was mainly attributable to the start-up cost and other operating expenses incurred in connection with the new stores opened in FY2012 as well as the full-year effect of other operating expenses incurred by the newly added Self-owned Stores in 2H2011, Guiyang Jinyuan TP Mall and Guiyang Guochen. Other operating expenses as a percentage of revenue increased from 21.9% in FY2011 to 26.2% in FY2012.

Finance Costs
Finance costs increased slightly by 1.7% or RMB 1.4 million, from RMB 86.0 million in FY2011 to RMB 87.4 million in FY2012. .

Income Tax Charge
The Group's income tax expense decreased by 12.3% or RMB 16.6 million, from RMB 134.2 million in FY2011 to RMB 117.6 million in FY2012. The effective tax rate increased from 28.8% in FY2011 to 38.6% in FY2012. The increase was mainly due to the tax credit arose from the entities established for the operation of new stores, namely Shenyang Scitech Premium Outlet Mall and PCD Xian Phase II.

Profit for the year
Net profit decreased by 43.7% or RMB 144.9 million, from RMB 331.9 million in FY2011 to RMB 187.0 million in FY2012 due to the reasons as explained above, in particular the impact arising from the expenses incurred and accounted for the new stores opened during FY2012 as well as the decrease in management consultancy services income. EBITDA, which was a more precise reflection of the operational result of the Group, decreased by 18.0% or RMB 111.4 million, from RMB 617.5 million in FY2011 to RMB 506.1 million in FY2012. Net profit and EBITDA as percentages of revenue decreased from 26.0% and 48.3% in FY2011 to 14.5% and 39.2% in FY2012, respectively.

Profit Attributable to the Owners of the Company
Profit attributable to the owners of the Company decreased by 50.0% or RMB 156.4 million from RMB 312.8 million in FY2011 to RMB 156.3 million in FY2012.

Capital Expenditure
Capital expenditure of the Group during FY2012 amounted to RMB 191.6 million (FY2011: RMB 387.2 million), the majority of which was incurred in connection with the development of our new project, Guiyang West Gate, the construction and fixtures of our new stores (i.e. PCD Xian Phase II and Shengyang Scitech Premium Outlet Mall), as well as the renovation of our existing stores. The management considered that investment in new property and improvement to the existing stores were essential to maintain a strong competitiveness against our respectable industry peers.

Liquidity and Financial Resources
As at 31 December 2012, cash and cash equivalent (i.e. bank balances and cash as well as short-term investments) of the Group decreased by 19.5% or RMB 357.5 million to RMB 1,473.6 million when compared with RMB 1,831.2 million as at 31 December 2011. The key items of cash and cash equivalent application were the payment of deposit for the acquisition of the land use rights of a parcel of land at Da Xin Men, Nanming District, Guiyang City in FY2012 for the development of Guiyang West Gate, payment of dividends to our shareholders for the year ended 31 December 2011 and the period ended 30 June 2012, purchase of certain property, plant and equipment as well as repayment of bank loans.

As at 31 December 2012, the Group had RMB 1,686.0 million of borrowings, 23.4% of the total borrowings was bank borrowing repayable within one year; 15.7% was bank borrowing repayable within more than one year but not exceeding five years; 16.5% was bank borrowing not repayable within one year but contain a repayment on demand clause; and the remaining 44.4% was bond payable due in January 2014. The outstanding loan as at 31 December 2012 was decreased slightly by 6.4% or RMB 115.8 million as compared with RMB 1,801.8 million as at 31 December 2011. For further details of borrowings, please refer to Note 14 and Note 15 of "Notes to Financial Statements".

During FY2012, the significant investment of the Group was the investment associated with the parcel of land at Da Xin Men. On 26 March 2012, the Company announced that the Group had jointly acquired with Guiyang Xin Xi Da Wu Hotel Investments Limited (貴陽新喜達屋酒店投資有限公司) the land use rights of a parcel of land at Da Xin Men, located near Ruijin Central Road, Nanming District, Guiyang City of Guizhou Province, the PRC.

The site had a total surface area of 56,281 square meters and the authorized usage of which was limited to hotel, commercial and office. The total consideration for the acquisition was RMB 601,600,000 and the cost of attributable portion of land use rights to be borne by the Group was RMB 230,000,000. The transfer of the land use rights and construction of the site would be subject to certain conditions including, completion of land recapture and associated compensation work and the approval for construction on the land by the Vendor. At the moment, the land recapture work for the site is still in progress and hence, the Group will consider its potential development plan in due course.

Net Current Assets / (Liabilities) and Equity

As at 31 December 2012, the net current liabilities of the Group were RMB 892.2 million compared with net current assets of RMB 161.2 million as at 31 December 2011. The change from the position of net current assets to net current liabilities was mainly attributable to the reclassification of bond payable from non-current liabilities to current liabilities, following the entering into the share purchase agreements by Alfred Chan and Edward Tan, the controlling shareholders of the Company, with an independent third party in relation to the sales of shares of the Company. Please refer to Note 15 and Note 17 of "Notes to Financial Statements" for further particulars of the transaction in question. In addition, cash payment of the deposit for the acquisition of land use rights of a parcel of land at Da Xin Men as well as the purchase of certain property, plant and equipment also accounted for this change. Equity attributable to owners of the Company increased slightly from RMB 2,396.8 million as at 31 December 2011 to RMB 2,425.7 million as at 31 December 2012.

The gearing ratio, which was calculated by dividing total borrowings by total equity, improved to 0.67 as at 31 December 2012 (as at 31 December 2011: 0.74) after the repayment of certain borrowings.

Pledge of Assets

As at 31 December 2012, certain of the Group's buildings with an aggregate carrying amount of RMB 385.4 million (as at 31 December 2011: RMB 317.4 million) were pledged as security for the bank loans of the Group.

As at 31 December 2012, certain of the Group's investment properties with an amount of RMB 546.9 million (31 December 2011: RMB 546.9 million) were pledged as security for bank loans of the Group.

As at 31 December 2012, certain of the Group's land use rights with an amount of RMB 9.6 million (2011: RMB 9.0 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 31 December 2012, the total number of employees for the Group was approximately 3,500. 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 31 December 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.

Purchase, Sales or Redemption of Listed Securities

During FY2012, the Company repurchased a total of 14,700,000 ordinary shares of the Company at an aggregate consideration of approximately HK$ 10.5 million on the Stock Exchange. All of the 14,700,000 repurchased shares were cancelled before 31 December 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	4,000	0.76	0.74	3,006
June	8,200	0.77	0.70	6,091
September	2,500	0.59	0.54	1,429
Total	14,700			10,526

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 FY2012.

Post-balance Sheet Events

On 31 January 2013, the Company announced jointly with Belmont Hong Kong Ltd. (“Belmont”) that the Company was informed by Bluestone Global Holdings Limited (“Bluestone”), a company 100% owned by Ports International Enterprises Limited which in turn is owned as to 50% by each of Mr. Alfred Chan and Mr. Edward Tan, the controlling shareholders of the Company, that on 24 January 2013, Belmont entered into a sale and purchase agreement (the “Bluestone Sale Agreement”) with Bluestone and Beijing Wangfujing International Commercial Development Co., Ltd. (“WFJ International”) and entered into a sale and purchase agreement (the “PGL Sale Agreement”) with Portico Global Limited (“PGL”).

Pursuant to the Bluestone Sale Agreement, Bluestone has conditionally agreed to sell, and Belmont has conditionally agreed to acquire, 1,594,139,851 shares of the Company in aggregate at the purchase price of HK$1.2 per share, for a total consideration of HK$1,912,967,821.2. Pursuant to PGL Sale Agreement, PGL has conditionally agreed to sell, and Belmont has conditionally agreed to acquire, 70,000,000 shares of the Company in aggregate at the purchase price of HK$1.2 per share, for a total consideration of HK$84,000,000. Completion of the acquisition of the shares under both the Bluestone Sale Agreement and PGL Sale Agreement is both conditional upon the fulfillment (or where, applicable, waiver) of the conditions of the respective transactions. The sale shares in aggregate under the Bluestone Sale Agreement and PGL Sale Agreement represented approximately 39.53% of the entire issued share capital of the Company as at the date of the announcement.

Upon completion of the acquisition of shares under both the Bluestone Sale Agreement and PGL Sale Agreement, Belmont will be required to make the conditional mandatory general cash offer to acquire all of the issued and to be issued shares of the Company (other than those shares already owned by or agreed to be acquired by Belmont and parties acting in concert with it at the time the offer is made) at HK$1.2 per share in accordance with the Takeovers Code.

Audit Committee

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 Rules.

The audit committee of the Company has reviewed the accounting principles and standards adopted by the Group, and has discussed and reviewed the internal control and reporting matters. The annual results for the year ended 31 December 2012 have been reviewed by the audit committee.

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 31 December 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 FY2012.

Final Dividend
The Board did not recommend the payment of a final dividend for FY2012.

Closure of Register of Members
The register of members of the Company will be closed from Wednesday, 29 May 2013 to Friday, 31 May 2013, both days inclusive, during which period no transfer of shares will be effected. In order to ascertain the right to attend the annual general meeting, all transfers 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 Tuesday, 28 May 2013.

Publication of Annual Report
This announcement is available for viewing on the websites of the Hong Kong Exchanges and Clearing Limited ("HKEx") and the Company. The annual report for the year ended 31 December 2012 containing all the information as required by Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and published on the websites of the HKEx and the Company on or before 30 April 2013.

By Order of the Board
PCD Stores (Group) Limited
Xiang Qiang
President

Hong Kong, 28 March 2013

As at the date of this announcement, the Executive Directors of the Company are Mr. Alfred Chan (Chairman), Mr. Edward Tan and Mr. Xiang Qiang (President); and the Independent Non-executive Directors are Mr. Randolph Yu, Mr. Ainsley Tai and Mr. Li Chang Qing.