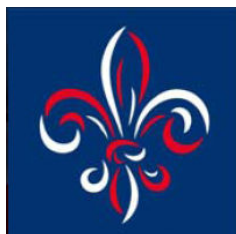


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



PCD Stores (Group) Limited
中國春天百貨集團有限公司*
(Incorporated in Cayman Islands with limited liability)
(Stock Code : 331)

FINAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

The Board of Directors of PCD Stores (Group) Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December, 2009 with comparative figures for the year 2008 as follows:

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009**

	<u>Notes</u>	<u>2009</u> RMB'000	<u>2008</u> RMB'000
Revenue	3	766,305	717,831
Other income	4	94,298	80,735
Change in fair value of investment property		20,000	10,000
Purchase of and changes in inventories		(128,559)	(127,215)
Employee benefits expense	5	(93,743)	(115,936)
Depreciation and amortisation		(32,815)	(30,457)
Operating lease rental expense		(95,747)	(96,163)
Other operating expenses	6	(156,861)	(141,152)
Finance costs	7	(50,810)	(49,359)
Profit before tax		322,068	248,284
Income tax charge	8	(79,445)	(74,188)
Profit and total comprehensive income for the year		<u>242,623</u>	<u>174,096</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - continued
FOR THE YEAR ENDED 31 DECEMBER 2009**

	<u>Notes</u>	<u>2009</u> RMB'000	<u>2008</u> RMB'000
Profit and total comprehensive income attributable to:			
Owners of the Company		242,079	173,815
Minority interests		544	281
		<u>242,623</u>	<u>174,096</u>
Earnings per share	9		
Basic (RMB cents)		<u>7.95</u>	<u>5.79</u>
Diluted (RMB cents)		<u>7.94</u>	<u>N/A</u>

** for identification only*

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2009**

	<u>Notes</u>	<u>2009</u> RMB'000	<u>2008</u> RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		699,482	588,761
Investment property		510,000	490,000
Land use rights		64,417	66,430
Goodwill		2,008	2,008
Long-term prepaid rentals	11	39,443	43,353
Deferred tax assets		3,416	1,762
Restricted bank balances		12,000	12,000
		<u>1,330,766</u>	<u>1,204,314</u>
CURRENT ASSETS			
Inventories		33,871	34,043
Prepayments, trade and other receivables	11	67,919	104,520
Land use rights		2,013	2,013
Amounts due from related parties		17,328	200,249
Restricted bank balances		-	11,500
Bank balances and cash		1,963,877	110,277
		<u>2,085,008</u>	<u>462,602</u>
CURRENT LIABILITIES			
Trade and other payables	12	575,246	630,471
Tax payable		13,805	19,139
Dividend payables to minority shareholders of subsidiaries		-	1,250
Bank borrowings - due within one year		261,930	394,780
Amounts due to related parties		162,105	87,317
		<u>1,013,086</u>	<u>1,132,957</u>
NET CURRENT ASSETS (LIABILITIES)		<u>1,071,922</u>	<u>(670,355)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,402,688</u>	<u>533,959</u>
NON-CURRENT LIABILITIES			
Bank borrowings - due after one year		258,276	300,659
Deferred tax liabilities		88,480	79,766
		<u>346,756</u>	<u>380,425</u>
TOTAL ASSETS LESS TOTAL LIABILITIES		<u>2,055,932</u>	<u>153,534</u>
CAPITAL AND RESERVES			
Share capital		136,590	382
Share premium and reserves		1,917,850	152,204
Equity attributable to owners of the Company		2,054,440	152,586
Minority interests		1,492	948
		<u>2,055,932</u>	<u>153,534</u>

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost basis except for investment properties, which are measured at fair values.

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 Limited and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied a number of new and revised Standards, Amendments and Interpretations ("new and revised IFRSs").

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

The Group has not early applied the following new and revised Standards, Amendments or Interpretations that have been issued but are not effective.

IFRSs (Amendments)	Amendment to IFRS 5 as part of Improvements to IFRSs issued in 2008 ¹
IFRSs (Amendments)	Improvements to IFRSs issued in 2009 ²
IAS 24 (Revised)	Related Party Disclosures ⁶
IAS 27 (Revised)	Consolidated and Separate Financial Statements ¹
IAS 32 (Amendment)	Classification of Right Issues ⁴
IAS 39 (Amendment)	Eligible Hedged Items ¹
IFRS 1 (Amendment)	Additional Exemptions for First-time Adopters ³
IFRS 1 (Amendment)	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters ⁵
IFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ³
IFRS 3 (Revised)	Business Combinations ¹
IFRS 9	Financial Instruments ⁷
IFRIC14 (Amendment)	Prepayments of a Minimum Funding Requirement ⁶
IFRIC17	Distributions of Non-cash Assets to Owners ¹
IFRIC19	Extinguishing Financial Liabilities with Equity Instruments ⁵

¹ Effective for annual periods beginning on or after 1 July 2009

² Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate

³ Effective for annual periods beginning on or after 1 January 2010

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS - continued

- ⁴ Effective for annual periods beginning on or after 1 February 2010
⁵ Effective for annual periods beginning on or after 1 July 2010
⁶ Effective for annual periods beginning on or after 1 January 2011
⁷ Effective for annual periods beginning on or after 1 January 2013

The application of IFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. IAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

IFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of IFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

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

	<u>2009</u> RMB'000	<u>2008</u> RMB'000
Commissions from concessionaire sales (Note)	486,321	500,751
Sales of goods	167,480	164,482
Rental income	29,213	28,342
Management consultancy service income	83,291	24,256
	<u>766,305</u>	<u>717,831</u>

3. REVENUE AND SEGMENT INFORMATION - continued

Note:

The commissions from concessionaire sales is analysed as follows:

	<u>2009</u> RMB'000	<u>2008</u> RMB'000
Gross revenue from concessionaire sales	2,366,441	2,443,740
Commissions from concessionaire sales	486,321	500,751

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 year, 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.

All external revenues of the Group during the year ended 31 December 2009 are contributable to customers established in the PRC, the place of domicile of the Group's operating entities. Meanwhile, the Group's non-current assets other than deferred tax assets are all located in the PRC.

No revenues from a single external customer amount to 10 percent or more of the Group's revenue.

4. OTHER INCOME

	<u>2009</u> RMB'000	<u>2008</u> RMB'000
Property management income	15,720	15,854
Advertisement and promotion administration income	33,745	26,563
Display space leasing income	5,259	8,602
Interest income from a related party	10,710	-
Net foreign exchange gains	-	598
Bank interest income	1,665	2,348
Credit card handling income	12,908	12,958
Others	14,291	13,812
	<u>94,298</u>	<u>80,735</u>

5. EMPLOYEE BENEFITS EXPENSE

	<u>2009</u> RMB'000	<u>2008</u> RMB'000
Salaries, bonuses and allowances	70,970	91,267
Contributions to retirement benefit schemes	22,072	24,669
Equity-settled share-based payments	701	-
	<u>93,743</u>	<u>115,936</u>

The employees of the Group's PRC subsidiaries are members of the state-managed retirement benefit schemes operated by the local government. The subsidiaries in the PRC are required to contribute a specified percentage of their basic payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions.

6. OTHER OPERATING EXPENSES

Other operating expenses are analysed as follows:

	<u>2009</u> RMB'000	<u>2008</u> RMB'000
Auditors' remuneration	1,165	131
Professional service fee	21,552	12,584
Promotion, advertising and related expenses	26,248	27,089
Water, electricity and heating	30,085	28,661
Other taxes	33,163	27,517
Bank charges	19,260	17,890
Write-off of bad debt	-	1,164
Others	25,388	26,116
	<u>156,861</u>	<u>141,152</u>

7. FINANCE COSTS

	<u>2009</u> RMB'000	<u>2008</u> RMB'000
Interest expenses on:		
Bank borrowings, wholly repayable within five years	29,002	17,264
Bank borrowings, not wholly repayable within five years	21,808	29,395
Deferred payment for purchase of property, plant and equipment	-	2,700
	<u>50,810</u>	<u>49,359</u>

8. INCOME TAX CHARGE

	<u>2009</u> RMB'000	<u>2008</u> RMB'000
The charge comprises:		
PRC Enterprise Income Tax	72,385	65,811
Deferred tax	7,060	8,377
	<u>79,445</u>	<u>74,188</u>

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

On 26 December 2007, the New EIT Law's Detailed Implementation Rules and the details of the transitional arrangement were promulgated, respectively. They contemplate various transition periods and measures for existing preferential tax policies, including a grace period of a maximum of 5 years until 2012 for the enterprises which are currently entitled to a lower income tax rate under the previous tax law and continued implementation of preferential tax treatment with a fixed term until the expiration of such fixed term. In addition, the New EIT Law provides that qualified dividend income between two "resident enterprises" that have a direct investment relationship is exempted from income tax. Otherwise, such dividends will be subject to a 5% or 10% withholding tax under the tax treaty or the domestic law.

Those subsidiaries incorporated in Hong Kong have had no assessable profits since their incorporation.

8. INCOME TAX CHARGE - continued

The income tax rates applicable to the subsidiaries established in the PRC are as follows:

	<u>2009</u>	<u>2008</u>
	%	%
Zhongshan PCD (Xiamen) Department Stores Co., Ltd, ("Zhongshan PCD Stores (Xiamen)") (Note i)	20	18
PCD Real Estate (Xiamen) Limited ("PCD Real Estate (Xiamen) ") (Note i)	20	18
PCD World Trade (Xiamen) Co., Ltd. ("PCD World Trade (Xiamen)") (Note i)	20	18
PCD Continental Department Stores (Xiamen) Co., Ltd. ("PCD Continental") (Notes i)	20	18
PCD Songbai Department Stores Co., Ltd. ("PCD Songbai") (Note i)	20	18
PCD Stores Information Consulting (Xiamen) Limited ("PCD Stores Information Consulting (Xiamen)") (Note i)	20	18
Laiya Department Management (Xiamen) Co., Ltd. ("Laiya Department Management (Xiamen)") (Note i)	20	18
PCD Department Stores (Jilin) Co., Ltd. ("PCD Stores (Jilin)")	25	25
PCD Department Stores (Guangxi) Co., Ltd. ("PCD Stores (Guangxi)") (Note ii)	25	25
Beijing Scitech Department Stores Co., Ltd. ("Beijing Scitech Department Stores")	25	25
PCD Department Stores (Taiyuan) Co., Ltd. ("PCD Stores (Taiyuan)")	25	25
Zhongshan PCD Stores (Qingdao) Limited ("Zhongshan PCD Stores (Qingdao)")	25	25
Xian Century Changan Property Investment Limited ("Xian Century Changan Property Investment")	25	25
PCD Jiahe Trading and Commerce (Xiamen) Company Limited ("Jiahe Chuntian")	25	25
Qingdao Century Chuntian Information Consulting Co., Ltd. ("Qingdao Chuntian")	25	Not Applicable ("N/A")
Beijing Yuanyongxin Information Consulting Company Limited ("Beijing Yuanyongxin")	25	N/A
Xiamen Lotus Department Stores Co., Ltd. ("PCD Lotus")	25	N/A

Notes:

- (i) Pursuant to Notice of the State Council Concerning Implementation of Transitional Rules for Enterprise Income Tax Incentives (Guofa [2007] No. 39), the preferential tax rates of the enterprises established in Xiamen Special Economic Zone gradually will be phased out and increased to the new statutory tax rate of 25% over the five-year period beginning 1 January 2008. The enterprise income tax rates for year 2008, 2009, 2010, 2011 and 2012 are 18%, 20%, 22%, 24% and 25% respectively.

8. INCOME TAX CHARGE - continued

Notes: - continued

- (ii) According to the approval from Nanning Municipal Office of the State Administration of Taxation (Nan Qing Guo Shui Han [2007] No. 952) in accordance with the Circular On Certain Preferential policies of Corporate Income Tax (Caishuizhi [94] No. 001) (財稅字[94] 001 號《關於企業所得稅若干優惠政策的通知》) issued by the Ministry of Finance and the State Administration of Taxation, PCD Stores (Guangxi) was exempted from income tax for the period from 1 January 2007 to 31 December 2010. Pursuant to the New EIT Law effective from 2008, PCD Stores (Guangxi) was required to obtain the formal approval from the local tax authority to continue to benefit from the EIT exemption. PCD Stores (Guangxi) has been generating losses since its establishment. No income taxes were payable, accordingly the management has not applied for the EIT exemption approval up to the date of this report.

9. EARNINGS PER SHARE

<u>Earnings</u>	<u>2009</u> RMB'000	<u>2008</u> RMB'000
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to owners of the company)	<u>242,079</u>	<u>173,815</u>
<u>Number of shares</u>	<u>2009</u> '000	<u>2008</u> '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	3,046,575	3,000,000
Effect of dilutive potential ordinary shares relating to outstanding over-allotment options	<u>3,473</u>	<u>N/A</u>
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share	<u>3,050,048</u>	<u>N/A</u>

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the capitalisation issue.

10. DIVIDENDS

No dividend was declared in the year, nor has any dividend been proposed since the end of the reporting period (2008: RMB1,250,000).

11. PREPAYMENTS, TRADE AND OTHER RECEIVABLES

The following is an analysis of trade and other receivables presented based on invoice date at the reporting dates:

	<u>2009</u> RMB'000	<u>2008</u> RMB'000
Trade receivables		
within 60 days	20,656	57,726
61 days to 120 days	3,086	-
Prepaid rentals	55,273	61,293
Advances to suppliers	335	953
Prepaid value-added tax	6,702	7,936
Others	21,310	19,965
	<u>107,362</u>	<u>147,873</u>
Less: Long-term prepaid rentals	(39,443)	(43,353)
	<u>67,919</u>	<u>104,520</u>

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 non-related parties of management consultancy fees, issuers of shopping cards and certain retail customers.

Trade receivable with a carrying amount of RMB3,086,000 as at 31 December 2009 (31 December 2008: Nil) were overdue for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable.

The Group does not hold any collateral over these trade and other receivables. The trade and other receivables are non-interest bearing and repayable on demand.

Trade receivables are all denominated in RMB as at the reporting date, except for RMB7,704,000 as at 31 December 2009, which are denominated in foreign currency, Hong Kong Dollars.

12. 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 ending of the reporting period:

	<u>2009</u> RMB'000	<u>2008</u> RMB'000
Trade payables		
Within 60 days	280,916	351,974
61 days to 120 days	22,520	16,994
121 days to 1 year	4,238	15,127
Over 1 year	2,726	1,067
	<u>310,400</u>	<u>385,162</u>
Payable for purchase of property, plant and equipment	1,801	3,462
Accruals	15,230	5,185
Accrued staff costs	12,445	21,536
Deposits from concessionaire suppliers (Note i)	26,800	21,539
Customer prepaid gift cards (Note ii)	172,567	147,555
Other PRC tax payable	13,987	22,449
Others	22,016	23,583
	<u>264,846</u>	<u>245,309</u>
	<u>575,246</u>	<u>630,471</u>

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.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of 2009

2009 was generally a challenging year for China's retail industry – while overall consumer sentiment started the year in a very difficult environment, conditions improved towards the last quarter of 2009. In this environment, our Group continued to focus on serving the high-income consumer market with a clear objective on driving sustainable and profitable growth, rather than grow through aggressive promotions. We are pleased to announce that our revenue grew by 6.8%, reaching RMB 766.3 million in 2009 compared with that of 2008, however our gross sales proceeds (“GSP”) saw a slight decline of 2.8% compared with that of 2008. Our continual focus on profitable growth and high margins paid off in 2009, bringing a net profit of RMB 242.6 million to the Group, an increase of 39.4% compared with that of 2008. Excluding one off expenses related to the initial public offering of our shares on the Main Board of the Hong Kong Stock Exchange Limited in 2009, our net profit increased 48.8% to RMB 259.1 million compared with that of 2008. Our after tax net profit to shareholders was RMB 242.1 million, representing a growth of 39.3% compared with that of 2008.

During 2009, our Group continued to grow our network in PRC. In addition to the already established store networks in the Xiamen area and Northern China (Beijing, Qingdao, Taiyuan and Changchun), the Group actively expanded into the fast-growing Western China market. The Group committed a significant amount of capital and resources to construct an up-scale and modern retail space with over 65,000 square meters in Xian, the provincial capital of Shaanxi province. With the right opportunity, the Group will seek to continue to expand into additional retail space at this prime site to ensure we can command a dominant position in high-end retail in this important city.

At the same time, our Group also entered Guizhou province, providing management services to five department stores. Leveraging the Group's expertise, the stores were renovated, top international brands were successfully introduced and customer service was improved. We are happy to see a very healthy growth of more than 15% in gross sales proceeds for these stores in 2009 compared with that of 2008.

Our Group also entered the outlet mall industry in China, unveiling our first premium outlet mall in July 2009 in Beijing. Located just 35 minutes from downtown Beijing and 10 minutes away from the Beijing Capital International Airport, the Beijing Scitech Premium Outlet Mall offers more than 45,000 square meters of retail space, featuring top international brands in an open-air environment. With the expected opening of a subway exit directly into our site in the near future, we believe our Beijing outlet mall will continue to enjoy many years of growth ahead.

The Company was also successfully listed on the Main Board of the Hong Kong Stock Exchange on December 15th, 2009 and raised over HKD 1.8 billion. This marked an important chapter for our Group and we are committed to continue expanding in the fast-growing retail industry in China. With the newly raised capital for our store expansion plans, we are striving to become the leader in the high-end department store and premium outlet mall market in China. We are also actively looking for acquisition and other new growth opportunities. With our in-depth knowledge of the retail industry in China, our Group is uniquely positioned to benefit from the consolidation of the department store industry as well as the underlying growth in consumer spending in China.

Outlook

Management is cautiously optimistic about the retail market in 2010, expecting an improvement of the Company from 2009.

As our core strategy, the Group will continue to focus on the high-end market, which we believe offers the greatest financial reward as well as higher barriers to entry. This means a continual upgrade of our store positioning in their respective market through renovation, introduction of new brands and improvements in customer services. In the meantime, we continue to evaluate potential acquisition targets and greenfield opportunities to further enlarge the Group's footprint in the PRC.

In relation to the managed stores, the Group has closely monitored each of its performance. The outstanding performance of the Guizhou managed stores led the Group to actively engage discussions with relevant parties relating to the assumption by the Group of the operation of the 3 stores as anticipated.

With the success of the Beijing Scitech Outlet Mall project in 2009, the Directors believe the entry into the outlet mall industry will offer superior returns to our shareholders in the long run. The Group is actively seeking opportunities in major cities in the PRC including Shenyang, Xiamen and Hangzhou. We will keep our shareholders timely informed of the progress of all such initiatives as required.

In addition to network expansion, the management team is actively implementing operational improvement initiatives, such as VIP program enhancement and cost control programs, to continue improving existing store performance. We believe all these initiatives will greatly enhance our customer experience and have a positive impact on our financial performance in 2010.

Our Group will continue to invest in developing its team and improving the Group's overall operating capabilities to ensure we capture these growth opportunities.

Financial Overview

In the challenging year of 2009, the Group generated total GSP of RMB 2,533.9 million, representing a decline of 2.8% compared with RMB 2,608.2 million in 2008.

Concessionaire sales contributed approximately 93.4% of the total GSP and direct sales accounted for the remaining 6.6%.

Management was able to improve concession rate and direct sales margin from 20.5% to 20.6% and from 22.7% to 23.2% respectively compared with the same period of last year.

Revenue

The Group managed to increase revenue by RMB 48.5 million or 6.8% to RMB 766.3 million as compared with last year same period. This increase was primarily driven by an increase in management service income from new projects, including Beijing Scitech Outlet and managed stores in the Guizhou province.

Other Income

Other income increased by RMB 13.6 million or 16.8% to 94.3 million as compared with 2008 due to interest income from an unsecured loan to a related party which was fully settled during the year and an increase in advertisement and promotion administration income as a result of more support from vendors.

As a percentage to revenue, other income, excluding interest income from a related party, decreased from 11.2% to 10.9% for the same period of last year.

Purchase of Goods and Changes in Inventories

The purchase of goods and change in inventories includes costs incurred for direct sales and changes in such inventory. Purchase of and changes in inventories were up by RMB 1.3 million or 1.1% to RMB 128.6 million, which is in line with increase in direct sales.

Employee Benefits Expense

Employee benefits expense decreased by RMB 22.2 million or 19.1% to RMB 93.7 million when compared with 2008. The decrease was primarily attributable to changes in the Group's compensation structure.

As a percentage to revenue, the employee benefit expenses decreased from 16.2% to 12.2% for the same period of last year.

Depreciation and Amortisation

Depreciation and amortisation rose by RMB 2.4 million or 7.7% to 32.8 million compared with the same period of last year. This was mainly attributable to the depreciation of leasehold improvement in relation to the properties on which Scitech Plaza and PCD Changchun are located.

Operating Lease Rental Expense

Operating lease rental expense slightly decreased by 0.4% to RMB 95.7 million which is generally in line with GSP compared with the same period last year.

As a percentage to revenue, operating lease rental expenses increased by 0.9% to 12.5% over the same period of last year.

Other Operating Expenses

Other operating expenses increased by RMB 15.7 million or 11.1% to RMB 156.9 million. This was mainly attributable to professional fees incurred for listing purpose and higher other tax payments.

Finance Costs

Finance costs increased by 2.9% to RMB 50.8 million. This was mainly due to additional bank borrowing during the year.

Income Tax Charge

The Group's income tax expense increased by RMB 5.3 million or 7.1% to RMB 79.4 million when compared with 2008. The effective tax rate was 24.7%, lower than that of 29.9% in 2008.

Profit for the Year

As a result of improvement in revenue and better cost structure, the profit for the year reached RMB 242.6 million, representing an improvement of RMB 68.5 million or 39.4%.

As a percentage to revenue, excluding change in fair value of investment property and its respective deferred tax impact, profit for the year improved from 24.0% to 30.0% as compared with same period of last year.

Profit Attributable to the owners of the Company

Profit attributable to the owners of the Company increased by RMB 68.3 million from RMB 173.8 million to RMB 242.1 million, or 39.3%. It is in line with profit for the year.

Liquidity and Financial Resources

Bank balances and the cash balance of the Group significantly increased to RMB 1,963.9 million due to proceeds received from the initial public offering. The financial resources are sufficient for the operation and development of the Group.

The Group had bank borrowings of RMB 520.2 million as at 31 December 2009. The decrease in bank borrowings by 25.2% was mainly due to repayments made during the year.

Capital commitments

The capital commitments of the Group as at 31 December 2009 were RMB603,497,000.

Net current assets and net assets

The Group's net current assets as at 31 December 2009 were approximately RMB1,071.9 million as compared with a net current liability of RMB 670.4 million in the previous year. Net assets reached RMB 2,055.9 million in the current year after improvement in profit and proceeds received from listing.

Pledge of Assets

As at 31 December 2009, certain of the Group's buildings with an aggregate carrying amount of RMB408,582,000 (2008: RMB387,763,000) were pledged as security for bank loans of the Group. Also, land use rights with carrying amount of RMB10,878,000 (2008: RMB11,318,000) were pledged against certain bank facilities granted to the Group.

Segment Information

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

Employees

As at 31 December 2009, the total number of employees for the Group was approximately 1,900. The Group's remuneration policies are formulated according to market practices, experiences, skills and performance of individual employees and are reviewed annually.

Contingent liabilities

As at 31 December 2009, the Group did not have any significant contingent liabilities.

Treasury Policies

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

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed interest in any of the Company's listed shares.

CODE ON CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practice, as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the year ended 31 December 2009.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code"). The Directors have complied with the standard set out in the Model Code for the year ended 31 December 2009.

AUDIT COMMITTEE

An Audit Committee (“Committee”) has been established by the Company to review and supervise the financial reporting process and internal control procedures of the Group. The Committee has reviewed the Group’s results of the year 2009. The Committee comprises the three independent non-executive directors of the Company.

ANNOUNCEMENT OF DETAILED RESULTS

The 2009 Annual Report for the year containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders and published on the Stock Exchange’s website (<http://www.hkexnews.hk>) within the prescribed period. This announcement can also be accessed on the Company’s website: www.pcds.com.cn.

As at the date of this announcement, the Executive Directors of the Company are Mr. Alfred Chan, Mr. Edward Tan and Mr. Tony Lau; and the Independent Non-executive Directors are Mr. Randolph Yu, Mr. Ainsley Tai and Mr. Li Chang Qing.

By Order of the Board
Charlotte So
Company Secretary

Hong Kong, 29 March 2010