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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: 00331)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

The Board of Directors of **PCD Stores (Group) Limited** (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2010 with comparative figures for the same period in 2009 as follows:

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2010

	<u>Notes</u>	Six months ended	
		<u>2010.6.30</u> RMB'000 (unaudited)	<u>2009.6.30</u> RMB'000 (audited)
Revenue	3	421,138	358,876
Other income	4	44,336	43,244
Change in fair value of investment property		10,000	20,000
Purchase of and changes in inventories		(69,545)	(63,637)
Gain on disposal of a subsidiary		729	-
Employee benefits expense		(52,911)	(47,524)
Depreciation and amortisation		(17,470)	(16,140)
Operating lease rental expense		(50,562)	(47,644)
Other expenses	5	(67,287)	(61,133)
Finance costs	6	(13,320)	(23,667)
Profit before tax		205,108	162,375
Income tax charge	7	(58,321)	(38,256)
Profit for the period		<u>146,787</u>	<u>124,119</u>
Profit for the period attributable to:			
Owners of the Company		146,796	123,834
Non-controlling interests		(9)	285
		<u>146,787</u>	<u>124,119</u>
Earnings per share			
Basic (RMB cents)	9	<u>3.48</u>	<u>4.13</u>
Diluted (RMB cents)	9	<u>3.48</u>	<u>N/A</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2010**

	Six months ended	
	<u>2010.6.30</u>	<u>2009.6.30</u>
	RMB'000	RMB'000
	(unaudited)	(audited)
Profit for the period	<u>146,787</u>	<u>124,119</u>
Other comprehensive loss		
Exchange differences arising on translation	<u>(13,625)</u>	<u>-</u>
Total comprehensive income for the period	<u>133,162</u>	<u>124,119</u>
Attributable to:		
Owners of the Company	<u>133,171</u>	<u>123,834</u>
Non-controlling interests	<u>(9)</u>	<u>285</u>
	<u>133,162</u>	<u>124,119</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2010**

	<u>Notes</u>	<u>2010.6.30</u> RMB'000 (unaudited)	<u>2009.12.31</u> RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,493,988	699,482
Prepayment for acquisition of property, plant and equipment		30,000	-
Investment property	10	520,000	510,000
Land use rights		63,412	64,417
Goodwill		-	2,008
Long-term prepaid rental		30,192	39,443
Deferred tax assets		3,238	3,416
Restricted bank balances		12,000	12,000
		<u>2,152,830</u>	<u>1,330,766</u>
CURRENT ASSETS			
Inventories		36,060	33,871
Prepayments, trade and other receivables	11	87,505	67,919
Land use rights		2,013	2,013
Amounts due from related parties		16,668	17,328
Restricted bank balances		23,988	-
Held-for-trading investments		35,184	-
Bank balances and cash		1,474,537	1,963,877
		<u>1,675,955</u>	<u>2,085,008</u>
CURRENT LIABILITIES			
Trade and other payables	12	524,436	575,246
Tax payable		18,865	13,805
Bank borrowings - due within one year		359,820	261,930
Amounts due to related parties		21,944	162,105
		<u>925,065</u>	<u>1,013,086</u>
NET CURRENT ASSETS		<u>750,890</u>	<u>1,071,922</u>
		<u>2,903,720</u>	<u>2,402,688</u>
NON-CURRENT LIABILITIES			
Bank borrowings - due after one year		236,640	258,276
Deferred tax liabilities		95,049	88,480
		<u>331,689</u>	<u>346,756</u>
TOTAL ASSETS LESS TOTAL LIABILITIES		<u>2,572,031</u>	<u>2,055,932</u>
CAPITAL AND RESERVES			
Share capital		144,271	136,590
Share premium and reserves		2,427,248	1,917,850
Equity attributable to owners of the Company		2,571,519	2,054,440
Non-controlling interests		512	1,492
		<u>2,572,031</u>	<u>2,055,932</u>

Approved and authorised for issue by the board of directors on 24 August 2010.



Alfred Chan Kai Tai
Chairman, 25 August 2010

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

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

3. REVENUE AND SEGMENT INFORMATION

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

	Six months ended	
	<u>2010.6.30</u>	<u>2009.6.30</u>
	RMB'000	RMB'000
Commission income from concessionaire sales (Note)	256,021	232,558
Sales of goods	90,400	82,680
Rental income	16,204	14,787
Management consultancy service income	58,513	28,851
	<u>421,138</u>	<u>358,876</u>

Note:

The commission income from concessionaire sales is analysed as follows:

	Six months ended	
	<u>2010.6.30</u>	<u>2009.6.30</u>
	RMB'000	RMB'000
Gross revenue from concessionaire sales	<u>1,226,831</u>	<u>1,117,722</u>
Commission income from concessionaire sales	<u>256,021</u>	<u>232,558</u>

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The information reported to the president of the Company, who is the Group's chief operating decision maker for the purpose of resource allocation and assessment of performance, is based on the revenue of each store and the consolidated profit for related period, representing the overall operation of the Group as a whole. As there is no other discrete financial information available for each store, no operating segment information is presented.

4. OTHER INCOME

	Six months ended	
	<u>2010.6.30</u>	<u>2009.6.30</u>
	RMB'000	RMB'000
Property management income	8,373	7,716
Advertisement and promotion administration income	13,381	17,305
Display space leasing income	2,773	2,842
Interest income from a related party	-	2,450
Net foreign exchange gains	-	15
Bank interest income	5,645	563
Credit card handling income	7,008	6,072
Changes in fair value of held-for-trading investments	631	-
Others	6,525	6,281
	<u>44,336</u>	<u>43,244</u>

5. OTHER EXPENSES

Other expenses are analysed as follows:

	Six months ended	
	<u>2010.6.30</u>	<u>2009.6.30</u>
	RMB'000	RMB'000
Auditors' remuneration	572	71
Professional service fee	1,166	2,014
Promotion, advertising and related expenses	11,075	10,236
Water, electricity and heating	13,510	13,933
Other taxes	15,913	13,716
Bank charges	10,827	8,795
Others	14,224	12,368
	<u>67,287</u>	<u>61,133</u>

6. FINANCE COSTS

	Six months ended	
	<u>2010.6.30</u>	<u>2009.6.30</u>
	RMB'000	RMB'000
Interest expenses on:		
Bank borrowings, wholly repayable within five years	4,136	11,679
Bank borrowings, not wholly repayable within five years	9,184	11,988
	<u>13,320</u>	<u>23,667</u>

7. INCOME TAX CHARGE

	Six months ended	
	<u>2010.6.30</u>	<u>2009.6.30</u>
	RMB'000	RMB'000
The charge comprises:		
PRC Enterprise Income Tax	51,574	32,080
Deferred tax	6,747	6,176
	<u>58,321</u>	<u>38,256</u>

8. INTERIM DIVIDENDS

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

9. EARNINGS PER SHARE

<u>Earnings</u>	Six months ended	
	<u>2010.6.30</u> RMB'000	<u>2009.6.30</u> RMB'000
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	<u>146,796</u>	<u>123,834</u>
<u>Number of shares</u>	<u>2010.6.30</u> '000	<u>2009.6.30</u> '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>4,218,785</u>	<u>3,000,000</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>4,218,785</u>	<u>N/A</u>

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

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

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

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

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

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

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

The investment property of the Group was pledged as security for bank loans of the Group as at 30 June 2010.

11. PREPAYMENTS, TRADE AND OTHER RECEIVABLES

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

	<u>2010.6.30</u> RMB'000	<u>2009.12.31</u> RMB'000
Trade receivables		
Within 60 days	13,560	20,656
61 days to 120 days	<u>3,183</u>	<u>3,086</u>
	16,743	23,742
Prepaid rentals	48,948	55,273
Advances to suppliers	590	335
Prepaid value-added tax	30,546	6,702
Others	<u>20,870</u>	<u>21,310</u>
	117,697	107,362
Less: Long-term prepaid rentals	<u>(30,192)</u>	<u>(39,443)</u>
	<u>87,505</u>	<u>67,919</u>

12. TRADE AND OTHER PAYABLES

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

	<u>2010.6.30</u> RMB'000	<u>2009.12.31</u> RMB'000
Trade payables		
Within 60 days	231,984	280,916
61 days to 120 days	16,877	22,520
121 days to 1 year	4,492	4,238
Over 1 year	<u>2,904</u>	<u>2,726</u>
	256,257	310,400
Payable for purchase of property, plant and equipment	1,801	1,801
Accruals	8,276	15,230
Accrued staff costs	9,836	12,445
Deposits from concessionaire suppliers	28,892	26,800
Customer prepaid gift cards	189,735	172,567
Other PRC tax payable	7,805	13,987
Others	<u>21,834</u>	<u>22,016</u>
	268,179	264,846
	<u>524,436</u>	<u>575,246</u>

CLOSURE OF REGISTER OF MEMBERS

The earnings for the Group for the six months ended 30 June 2010 are RMB146.8 million. The Directors have declared an interim dividend of RMB 1.5 cents per share for the six months ended 30 June 2010, totaling RMB63.4 million based on 4,225,000,000 ordinary shares in issue as at 30 June 2010.

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

In order to qualify for the above dividend, all transfers of shares accompanied by the requisite share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:00 p.m., 27 October 2010.

CHAIRMAN'S STATEMENT

Review

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

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

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

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

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

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

Outlook

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

Our core strategy remains in the high-end, luxury consumption market, where we see the most defensible margins and most sustainable profit growth. We continue with our dual approach of adding department stores (through acquisition) and outlet malls (through greenfield development) to our growing national store network.

New projects in both of these retail formats throughout the rest of 2010 and 2011 will significantly contribute to growth, whilst continuing to bolster our Group's existing portfolio. With the different projects in the pipeline, we expect to triple the total gross floor area of our self-owned store network, and the Group's total GFA could reach more than 600,000 sq meter in 2012. This should lay a strong foundation for the business to grow in the long term.

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

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

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

Alfred Chan Kai Tai
Chairman



25 August 2010

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Overview

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

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

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

Revenue

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

Other Income

Other income increased by RMB 1.1 million or 2.5% to RMB 44.3 million as compared with 1H09 due to interest income from the proceeds of initial public offering which is partly offset by the decrease in advertisement and promotion administration income.

As a percentage to revenue, other income decreased from 12.0% to 10.5% against the same period of last year.

Purchase of Goods and Changes in Inventories

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

Employee Benefits Expense

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

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

Depreciation and Amortisation

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

Operating Lease Rental Expense

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

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

Other Expenses

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

Finance Costs

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

Income Tax Charge

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

Profit for the Period

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

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

Profit Attributable to the Owners of the Company

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

Liquidity and Financial Resources

Bank balances and cash of the Group decreased to RMB 1,474.5 million due to capital expenditure for Xian Phase II. The financial resources are sufficient for the operation and development of the Group.

The Group had bank borrowings of RMB 596.5 million as at 30 June 2010. The increase in bank borrowings by 14.7% compared with as of 13 December 2009 was mainly due to the additional loan made for financing the Xian Phase II project during 1H10.

Capital Commitments

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

Net Current Assets and Net Assets

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

Pledge of Assets

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

Segment Information

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

Employees

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

Contingent Liabilities

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

Treasury Policies

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

Purchase, Sale or Redemption of Listed Shares of the Company

For the six months ended 30 June 2010, 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 Practices, as set out in Appendix 14 of the Listing Rules for the six months ended 30 June 2010.

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 six months ended 30 June 2010.

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 comprises all three independent non-executive directors of the Company. The Group's unaudited interim financial information for the six months ended 30 June 2010 has been reviewed by the Committee.

Announcement of Detailed Results

The Company's 2010 Interim Report for the period 1 January 2010 to 30 June 2010, containing all the information required under 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.

By Order of the Board
Charlotte So
Company Secretary

Hong Kong, 25 August 2010

As at the date of this announcement, the Directors are:

Mr. Alfred Kai Tai Chan	Mr. Randolph Yu #
Mr. Edward Han Kiat Tan	Mr. Ainsley Tai #
Mr. Tony Kim Yip Lau	Mr. Li Chang Qing #

#Independent Non-executive Directors

Website: www.pcds.com.cn