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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)

ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTION

The Board wishes to announce that on 20 July 2012, Beijing Scitech Department Stores and Beijing Scitech Outlet Commerce, each an indirect wholly owned subsidiary of the Company, entered into the Master Cooperation Agreement with Scitech Group, pursuant to which Beijing Scitech Department Stores and Beijing Scitech Outlet Commerce have agreed Scitech Plaza and Beijing Scitech Premium Outlet Mall to join the Gift Card network of Scitech Group, the holder of which can apply the value as stored therein to purchase merchandise at those merchants which form part of the network of the Gift Card. In return, Scitech Group will charge 1% of the spending amount at Scitech Plaza and Beijing Scitech Premium Outlet Mall under the Gift Card as handling charge. The proposed annual cap for each of the financial years ending 31 December 2012, 2013 and 2014 in respect of the handling charge is expected to be RMB3.50 million, RMB 4.03 million and RMB 4.63 million, respectively.

Scitech Group is a company indirectly wholly owned by Alfred Chan and Edward Tan, the controlling shareholders of the Company, and their respective immediate family members. Scitech Group is therefore an associate of Alfred Chan and Edward Tan and a connected person of the Company.

The entering into of the Master Cooperation Agreement and the transactions contemplated thereunder thus constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the annual caps are more than 0.1% but less than 5% on an annual basis, the Master Cooperation Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE MASTER COOPERATION AGREEMENT

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| Date: | 20 July 2012 |
| Parties: | Beijing Scitech Department Stores, an indirect wholly owned subsidiary of the Company Beijing Scitech Outlet Commerce, an indirect wholly owned subsidiary of the Company Scitech Group, a connected person of the Company |
| Term: | 3 years commencing from 1 January 2012 until 31 December 2014 |
| Charge: | 1% of the spending amount under the Gift Card |

Principal terms of the Master Cooperation Agreement

Under the Master Cooperation Agreement, Scitech Plaza and Beijing Scitech Premium Outlet Mall will join the Gift Card network of Scitech Group, the holder of which can apply the value as stored therein to purchase merchandise at those merchants which form part of the Gift Card network of Scitech Group. Based on the consumption data transmitted by Beijing Scitech Department Store and Beijing Scitech Outlet Commerce as well as the evidence of transaction possessed by Scitech Group, the actual spending at Scitech Plaza and Beijing Scitech Premium Outlet Mall under the Gift Card shall be subject to clearance between the parties to the Master Cooperation Agreement at the end of each calendar month, whereupon Scitech Group shall pay to Beijing Scitech Department Store and Beijing Scitech Outlet Commerce the spending amount under the Gift Card during the relevant period after the deduction of the 1% handling charge.

Proposed annual caps

Pursuant to the Master Cooperation Agreement, the annual cap in respect of the handling charges for each of the financial years ending 31 December 2012, 2013 and 2014 shall not exceed RMB3.50 million, RMB 4.03 million and RMB 4.63 million, respectively. In determining the annual cap, the Board has taken into account the historical spending of the pre-paid gift card at Scitech Plaza and Beijing Scitech Premium Outlet Mall as set out in the table below and a projected 15% yearly growth rate of the sales at Scitech Plaza and Beijing Scitech Premium Outlet Mall.

The aggregate spending amount of pre-paid gift card at Scitech Plaza and Beijing Scitech Premium Outlet Mall for the financial year ended 31 December 2010, 31 December 2011 and the five months ended 31 May 2012 were as follows:

| Relevant period | Aggregate spending amount (RMB in million) |
|---------------------------------------|--|
| Financial year ended 31 December 2010 | 2.97 |
| Financial year ended 31 December 2011 | 3.32 |
| Five months ended 31 May 2012 | 1.09 |

The handling charge and the proposed annual caps were agreed between the parties to the Master Cooperation Agreement after arm's length discussions.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Scitech Group is and has been a well renowned and recognized department store operator in Beijing since 1990s. It possesses vast experience and expertise on different managerial issues associated with the operation of department store, which includes the issuance, and the management of issuance of pre-paid gift card. As a result of the participation in the issuance of pre-paid gift card for a long period of time, Scitech Group enjoys a very strong customer base of pre-paid card users. Since 2010, Scitech Plaza and Beijing Scitech Premium Outlet Mall have joined the network of the Gift Card with no charge.

However, in light of the increasing cost of the issuance, and the management of the issuance of the pre-paid gift card for Scitech Plaza and Beijing Scitech Premium Outlet Mall due to the expectation of increasing volume of transactions via the usage of pre-paid gift card, Scitech Group requests that going forward, the arrangement should be in line with usual commercial engagement. Given that Scitech Group is regarded by the Group as a reliable service provider and the Group is satisfied with the services provided under such engagement, the entering into of the Master Cooperation Agreement would avoid the need of the Group to direct resources on pre-paid gift card issuance and management and allow the Group to continually enjoy the benefits arising from the popular practice among the PRC customers in using pre-paid gift cards to purchase merchandize. Furthermore, this engagement would allow the Group to continue to share the customer base within the existing network of the Gift Card.

The terms under the Master Cooperation Agreement commensurate with the usual and normal commercial practice, as the agreed 1% handling charge has been determined with reference to the prevailing market rate for similar services provided by an independent third party.

Based on the above, the Directors (including the independent non-executive Directors) consider that the entering into of the Master Cooperation Agreement is in the ordinary course of business of the Group and that the terms of the Master Cooperation Agreement (including the annual caps therefor) are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

IMPLICATION OF THE LISTING RULES

Scitech Group is a company indirectly wholly owned by Alfred Chan and Edward Tan, the controlling shareholders of the Company, and their respective immediate family members. Scitech Group is therefore an associate of Alfred Chan and Edward Tan and a connected person of the Company.

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the annual caps for the Master Cooperation Agreement are more than 0.1% but less than 5% on an annual basis, the Master Cooperation Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Given that Alfred Chan and Edward Tan, both executive Directors, are also directors and shareholders of Scitech Group, they are interested in the Master Cooperation Agreement and had abstained from voting on the relevant Board resolutions in relation to the Master Cooperation Agreement.

INFORMATION REGARDING THE GROUP

The Group is a group principally engaged in the operation and management of high-end department store in the PRC, generally targeted at high-income earners. As of the date of this announcement, the Group operates or provides management consultancy services to 18 department stores and 3 outlet malls in Beijing and 8 provinces in the PRC.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

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| “Alfred Chan” | Chan, Kai Tai Alfred |
| “associate” | has the meaning given to it under the Listing Rules |
| “Beijing Scitech Department Stores” | 北京賽特百貨有限公司 (Beijing Scitech Department Stores) (for identification purpose only), a company incorporated in the PRC on 26 April 2007 and an indirect wholly owned subsidiary of the Company, the operator of Scitech Plaza |
| “Beijing Scitech Outlet Commerce” | 北京賽特奧特萊斯商貿有限公司 (Beijing Scitech Outle Commerce & Trading Co., Ltd.) (for identification purpose only), a company incorporated in the PRC on 13 February 2009 and an indirect wholly owned subsidiary of the Company, the operator of Beijing Scitech Premium Outlet Mall |
| “Beijing Scitech Premium Outlet | an outdoor mall located on No. 28 Xiangjiang Bei |

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| Mall” | Road, Chaoyang District, Beijing, the PRC, with a total gross floor area of approximately 43,700 square meters |
| “Board” | the board of Directors of the Company |
| “Company” | PCD Stores (Group) Limited (中國春天百貨(集團)有限公司) (for identification purpose only), a limited company incorporated in the Cayman Islands whose shares are listed on the Stock Exchange |
| “connected person” | has the meaning given to it under the Listing Rules |
| “controlling shareholder(s)” | has the meaning given to it under the Listing Rules |
| “Directors” | the directors of the Company |
| “Edward Tan” | Tan, Han Kiat Edward |
| “Gift Card” | a pre-paid stored value card issued by Scitech Group, the holder of which can apply the value as stored therein to purchase merchandise at those merchants which form part of the Gift Card network, subject to the terms and conditions thereof |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of the Hong Kong |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Master Cooperation Agreement” | the Master Cooperation Agreement entered into by and between Scitech Group, Beijing Scitech Department Stores and Beijing Scitech Outlet Commerce dated 20 July 2012 in relation to the joining of the Gift Card network by Scitech Plaza and Beijing Scitech Premium Outlet Mall |
| “PRC” | the People’s Republic of China, which for the purposes of this announcement excludes Hong Kong, Macau Special Administrative Region and Taiwan Region |
| “RMB” | Renminbi, the lawful currency of the PRC |

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| “Scitech Group” | 賽特集團有限公司 (Scitech Group Company Limited) (for identification purpose only), a company incorporated in Beijing, the PRC on 15 November 1980 and indirectly wholly owned by Alfred Chan, Edward Tan and their respective immediate family members |
| “Scitech Plaza” | a department store operated by Beijing Scitech Department Stores located within the Scitech Complex, at 22 Jianguowenwai Road, Chaoyang District, Beijing, the PRC |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “%” | per cent. |

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

Hong Kong, 20 July 2012

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