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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: 331)

ANNOUNCEMENT PROFIT WARNING

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors that, based on a preliminary review by the Group's management of the unaudited management accounts of the Group for the six month period ended 30 June 2012, the Group is expected to record a notable decrease in our net profit for the six-month period ended 30 June 2012 as compared to the six month period ended 30 June 2011.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by PCD Stores (Group) Limited (the "**Company**") and together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The Board of Directors of the Company (the "**Board**") wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that based on preliminary review by the Group's management of the unaudited management accounts of the Group for the six month period ended 30 June 2012, the Group is expected to record a notable decrease in our net profit for the six months ended 30 June 2012 as compared to the six month period ended 30 June 2011.

Based on the information currently available, the profit decrease is expected to be primarily attributable to (i) increase in the depreciation and amortization expenses and other operating expenses mainly due to the opening of new stores; (ii) decrease in the management consultancy service income and (iii) increase in the employee benefits expenses.

The Group will continue our strategy to identify attractive opportunities as well as strengthen our presence in identified high-growth areas. This strategy has been proven to be successful by the strong performance of Beijing Sctiech Premium Outlet Mall (“**Beijing Outlet**”) and the department store chain in Guizhou (“**Guizhou Stores Network**”). Based on the unaudited management accounts of the Group for the six month period ended 30 June 2012, the gross sales proceeds and the net profit of both Beijing Outlet and Guizhou Stores Network experienced double-digit percentage growth as compared to the six month period ended 30 June 2011. Apart from the encouraging and solid operational results from these stores, the Board is also hopeful that the recently opened stores, namely PCD Xian Phase II and PCD Shenyang Outlet Mall, will soon have positive contribution to the business and financial position of the Group.

As the Company is still in the process of finalizing the results of the Group for the six month period ended 30 June 2012 and accordingly, the information contained in this announcement is only based on a preliminary assessment by the Group’s management of the unaudited management accounts of the Group and the information available for the time being, but not on any data or information which has been audited or reviewed by the auditors of the Company. The unaudited interim results of the Group for the six month period ended 30 June 2012 are expected to be announced by the Company in August 2012.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 27 July 2012

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

**For identification only*