

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.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of PCD Stores (Group) Limited.



Belmont Hong Kong Ltd.

(Incorporated in the Cayman Islands with limited liability)

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)

JOINT ANNOUNCEMENT

(1) AGREEMENTS IN RELATION TO THE SALE AND PURCHASE OF SHARES IN PCD STORES (GROUP) LIMITED

(2) POSSIBLE CONDITIONAL MANDATORY CASH OFFERS BY SOMERLEY LIMITED

ON BEHALF OF

BELMONT HONG KONG LTD.

**TO ACQUIRE ALL OF THE ISSUED SHARES IN THE CAPITAL OF
PCD STORES (GROUP) LIMITED**

**(OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED TO BE
ACQUIRED BY**

**BELMONT HONG KONG LTD. AND PARTIES ACTING IN CONCERT WITH IT)
AND**

**FOR THE CANCELLATION OF ALL THE OUTSTANDING OPTIONS OF
PCD STORES (GROUP) LIMITED**

AND

(3) RESUMPTION OF TRADING

Financial Adviser to Belmont Hong Kong Ltd.



SOMERLEY LIMITED

** for identification purposes only*

THE SALE AGREEMENTS

The Company was informed by Bluestone (the controlling shareholder of the Company) and PGL (a shareholder of the Company) that, on 24 January 2013, the Offeror entered into the Bluestone Sale Agreement with Bluestone and WFJ International 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. The Sale Shares represent approximately 39.53% of the entire issued share capital of the Company as at the date of this announcement.

Completion of the acquisition of the Sale Shares under the Sale Agreements is conditional upon the fulfillment (or, where applicable, waiver) of the conditions described in the sections headed “Conditions of the Bluestone Sale Agreement” and “Conditions of the PGL Sale Agreement” of this announcement.

POSSIBLE CONDITIONAL MANDATORY CASH OFFERS

As at the date of this announcement, neither the Offeror nor any party acting in concert with it owns (or has control or direction over) any Shares, rights over Shares (including agreements to purchase, options, warrants, convertible securities, voting rights and irrevocable commitments to accept any of the Offers) or derivatives in respect of Shares, other than the Sale Shares to be acquired under the Sale Agreements. Upon Completion, the Offeror and parties acting in concert with it will acquire a total of 1,664,139,851 Shares, representing approximately 39.53% of the issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror will 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 pursuant to Rule 13 of the Takeovers Code.

Subject to and upon Completion, the Share Offer will be conditional upon the Offeror having received (and, where permitted, such acceptances not having been withdrawn), at or before 4:00 pm on the First Closing Date (or such other time as the Offeror may, subject to the Takeovers Code, decide), valid acceptances in respect of the Shares which, together with the Sale Shares, will result in the Offeror and any person acting in concert with it holding more than 50% of the Shares. The Option Offer will be subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects.

The Share Offer

Subject to and upon Completion, the Share Offer will be made on the following basis:

HK\$1.20 in cash for each Share accepted under the Share Offer

The Option Offer

As at the date of this announcement, the Company has 39,037,200 outstanding Options under the Share Option Scheme.

Pursuant to Rule 13 of the Takeovers Code, the Offeror will make an appropriate cash offer to the Optionholders to cancel their Options. The consideration for the cancellation of each Option will be the see-through price based on the Share Offer Price. As the exercise price of all the Options is above the Share Offer Price, the “see-through” price is zero and the Option Offer Price will be a nominal value of HK\$0.001 per Option.

Save for the Options, as at the date of this announcement, the Company does not have any outstanding convertible securities, warrants, options or derivatives in respect of any Shares.

The terms of the possible Offers are set out under the section headed “Possible Conditional Mandatory Cash Offers” of this announcement.

CONFIRMATION OF FINANCIAL RESOURCES

Somerley has been appointed as the financial adviser to the Offeror in respect of the Offers. Somerley is satisfied that sufficient financial resources are available to the Offeror to satisfy the acquisition of the Sale Shares pursuant to the Sale Agreements and full acceptance of the Offers as described above.

INDEPENDENT BOARD COMMITTEE

An independent board committee of the Company will be established in respect of the Offers. An independent financial adviser will be appointed, subject to approval by the IBC, to advise the IBC in respect of the Offers in due course. A further announcement will be made by the Company upon the appointment of the IFA.

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 despatch of the Composite Document, 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.

DESPATCH OF COMPOSITE OFFER DOCUMENT

It is the intention of the respective board of directors of the Offeror and the Company to combine the offer document and the offeree board circular into a composite offer document. Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch an offer document containing the terms of the Offers and a form of acceptance and transfer of the Shares and cancellation of the Options to the Shareholders and the Optionholders within 21 days of the date of this announcement (or such later date as the Executive may approve). As the Conditions to Completion cannot be satisfied or waived (where applicable) within 21 days of the date of this announcement, the Offeror will apply for the consent of the Executive under Note 2 to Rule 8.2 of the Takeovers Code for an extension of time for despatching the Composite Document to any time within 7 days of Completion. An expected timetable in relation to the Offers will be included in the Composite Document.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 am on 25 January 2013 pending the release of this announcement. Application has been made for the resumption of trading in the Shares with effect from 9:00 am on 1 February 2013.

WARNING: The Offers will only be made if Completion takes place. Completion is conditional upon the fulfillment (or, where applicable, waiver) of the Conditions described in the sections headed “Conditions of the Bluestone Sale Agreement” and “Conditions of the PGL Sale Agreement” of this announcement. Accordingly, the Offers may or may not be made. Shareholders and investors are advised to exercise caution in dealing in the Shares.

INTRODUCTION

The Company was informed by Bluestone (the controlling shareholder of the Company) and PGL (a shareholder of the Company) that, on 24 January 2013, the Offeror entered into the Bluestone Sale Agreement with Bluestone and WFJ International 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. The Sale Shares represent approximately 39.53% of the entire issued share capital of the Company as at the date of this announcement. The acquisition of the Sale Shares will give rise to an obligation on the Offeror to make the Offers.

THE BLUESTONE SALE AGREEMENT

Date

24 January 2013

Parties

- (i) Bluestone
- (ii) Offeror
- (iii) WFJ International

Bluestone is 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. Mr. Alfred Chan is the Chairman of the Board, an executive Director and one of the founders of the Group. Mr. Edward Tan is also an executive Director and one of the founders of the Group.

Sale and purchase of the Bluestone Sale Shares

On and subject to the terms of the Bluestone Sale Agreement, Bluestone has agreed to sell, and the Offeror has agreed to acquire, 1,594,139,851 Shares, representing approximately 37.86% of the entire issued share capital of the Company as at the date of this announcement, free from all encumbrances and together with all rights attaching or accruing to them as at Completion. The Offeror shall not be obliged to complete the purchase of any of the Bluestone Sale Shares unless the purchase of all the Bluestone Sale Shares and the PGL Sale Shares is completed simultaneously.

Immediately after Completion, Bluestone will not hold any Shares.

Consideration for the Bluestone Sale Shares

The purchase price for the Bluestone Sale Shares is HK\$1.20 per Share, representing a total cash consideration of HK\$1,912,967,821.20. The consideration will be paid by the Offeror in cash to Bluestone at Completion.

The consideration was determined following arm's length negotiations among the parties, with reference to the prevailing market prices of the Shares, the publicly available information of the Group (including its financial reports) as well as the business prospects and development potential of the Group and the synergies it may bring to the Offeror.

Conditions of the Bluestone Sale Agreement

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

- (a) all Authorisations which are required from the MOC, the NDRC, the SASAC and 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 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 Shares and 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 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.

The Long Stop Date for satisfying the above Conditions is six months after the date of this announcement (or such later date as Bluestone and the Offeror may agree in writing).

Completion

Completion will take place five Business Days after the Conditions are satisfied (or, in the case of the Conditions set out in paragraphs (d) to (f) above, waived by the Offeror), or on such other date as Bluestone and the Offeror may agree in writing.

Termination

The Bluestone Sale Agreement may be terminated:

- (a) by the Offeror if one or more of the Conditions are not satisfied or waived before the Long Stop Date; or
- (b) by Bluestone if one or more of the Conditions set out in paragraphs (a), (b) and (c) described in the section headed “Conditions of the Bluestone Sale Agreement” above are not satisfied before the Long Stop Date.

If the Offeror terminates the Bluestone Sale Agreement, or if the Bluestone Sale Agreement lapses, by reason of the non-satisfaction of either (or both) of the Conditions set out in paragraphs (a) and (b) described in the section headed “Conditions of the Bluestone Sale Agreement” above (which relate to the Authorisations which are required by the Offeror from the MOC, the NDRC, the SASAC and the SAFE), other than where such non-satisfaction is as a result of the failure by Bluestone to provide the relevant information required by those Authorities in connection with the application for those Authorisations, then the Bluestone Sale Agreement would terminate, the Offers would not proceed and a termination fee of HK\$300 million would be payable by the Offeror to, or as directed by, Bluestone.

If Bluestone terminates the Bluestone Sale Agreement at any time prior to Completion for any reason (other than the non-satisfaction of one or more of the Conditions set out in paragraphs (a), (b) and (c) described in the section headed “Conditions of the Bluestone Sale Agreement” above), then the Bluestone Sale Agreement would terminate, the Offers would not proceed and a termination fee of HK\$300 million would be payable by Bluestone to the Offeror.

Warranties and undertakings

In connection with the sale of the Sale Shares under the Bluestone Sale Agreement, Bluestone has given certain warranties to the Offeror, in respect of, among other things, the due incorporation of the members of the Group, ownership of the Bluestone Sale Shares and other warranties in relation to the underlying business and operations of the Group. In addition, Bluestone has undertaken, among other things, to exercise such rights and powers as it has in relation to the Group so that the Group will carry on its business as a going concern in compliance with all applicable laws (and in the ordinary and usual course as carried on prior to the date of the Bluestone Sale Agreement) in all material respects.

THE PGL SALE AGREEMENT

Date

24 January 2013

Parties

- (i) PGL
- (ii) Offeror

PGL is a company ultimately controlled by Mr. Alfred Chan and Mr. Edward Tan.

Sale and purchase of the PGL Sale Shares

On and subject to the terms of the PGL Sale Agreement, PGL has agreed to sell, and the Offeror has agreed to acquire, 70,000,000 Shares, representing approximately 1.66% of the entire issued share capital of the Company as at the date of this announcement, free from all encumbrances and together with all rights attaching or accruing to them as at Completion. The Offeror shall not be obliged to complete the purchase of any of the PGL Sale Shares unless the purchase of all the Bluestone Sale Shares and the PGL Sale Shares is completed simultaneously.

Immediately after Completion, PGL will retain 7,570,068 Shares, representing approximately 0.18% of the entire issued share capital of the Company as at the date of this announcement. Such Shares will also be subject to the Share Offer.

Consideration for the PGL Sale Shares

The purchase price for the PGL Sale Shares is HK\$1.20 per Share, representing a total cash consideration of HK\$84,000,000. The consideration will be paid by the Offeror in cash to PGL at Completion.

The consideration was determined following arm's length negotiations among the parties, with reference to the prevailing market prices of the Shares, the publicly available information of the Group (including its financial reports) as well as the business prospects and development potential of the Group and the synergies it may bring to the Offeror.

Conditions of the PGL Sale Agreement

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

Completion

Completion of the PGL Sale Agreement will take place simultaneously with the completion of the Bluestone Sale Agreement. If the Bluestone Sale Agreement does not complete, then completion will not take place under the PGL Sale Agreement.

POSSIBLE CONDITIONAL MANDATORY CASH OFFERS

As at the date of this announcement, neither the Offeror nor any party acting in concert with it owns (or has control or direction over) any Shares, rights over Shares (including agreements to purchase, options, warrants, convertible securities, voting rights and irrevocable commitments to accept any of the Offers) or derivatives in respect of Shares, other than the Sale Shares to be acquired under the Sale Agreements. Upon Completion, the Offeror and parties acting in concert with it will acquire a total of 1,664,139,851 Shares, representing approximately 39.53% of the issued share capital of the Company as at the date of this announcement. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror will 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 when the Share Offer is made). The Offeror will also be required to make the Option Offer for the cancellation of all outstanding Options pursuant to Rule 13 of the Takeovers Code.

Somerley has been appointed as the financial adviser to the Offeror in respect of the Offers. If the Offers are made, Somerley will, for and on behalf of the Offeror, make the Offers on the following terms in accordance with Rule 26.1 and Rule 13 of the Takeovers Code.

The Share Offer

If the Share Offer is made, it will be made on the following basis:

HK\$1.20 in cash for each Share accepted under the Share Offer

The Share Offer Price will be equal to the price per Sale Share paid by the Offeror under the Sale Agreements.

The Option Offer

The consideration for the cancellation of each Option will be the see-through price based on the Share Offer Price. All the Options are exercisable at an exercise price of HK\$2.36. As the exercise price of all the Options is above the Share Offer Price, the “see-through” price is zero and the Option Offer Price will be a nominal value of HK\$0.001 per Option.

Comparisons of value

The Share Offer

The Share Offer Price represents:

- (a) a premium of approximately 10.09% over the closing price of HK\$1.09 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 27.66% over the average closing price of approximately HK\$0.94 per Share as quoted on the Stock Exchange over the 56 trading days between the Relevant Trading Day and the Last Trading Day;
- (c) a premium of approximately 53.85% over the closing price of HK\$0.78 per Share as quoted on the Stock Exchange on the Relevant Trading Day;
- (d) a premium of approximately 60.00% over the average closing price of approximately HK\$0.75 per Share as quoted on the Stock Exchange for the last 5 trading days immediately prior to and including the Relevant Trading Day;
- (e) a premium of approximately 84.62% over the average closing price of approximately HK\$0.65 per Share as quoted on the Stock Exchange for the last 30 trading days immediately prior to and including the Relevant Trading Day;
- (f) a premium of approximately 93.55% over the average closing price of approximately HK\$0.62 per Share as quoted on the Stock Exchange for the last 60 trading days immediately prior to and including the Relevant Trading Day;

- (g) a premium of approximately 90.48% over the average closing price of approximately HK\$0.63 per Share as quoted on the Stock Exchange for the last 90 trading days immediately prior to and including the Relevant Trading Day; and
- (h) a premium of approximately 71.43% over the unaudited consolidated net asset value of the Group per Share as at 30 June 2012 of approximately RMB0.57 (equivalent to approximately HK\$0.70).

Highest and lowest trading prices

During the six-month period immediately preceding the Last Trading Day, the highest closing price of Shares as quoted on the Stock Exchange was HK\$1.17 on 22 January 2013 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.53 on 31 August 2012.

Total consideration for the Offers

On the basis of the Share Offer Price, 2,546,160,149 issued Shares (representing the Shares not already held or to be acquired by the Offeror and parties acting in concert with it) and 39,037,200 outstanding Options as at the date of this announcement, in the event that the Share Offer is accepted in full, the aggregate amount payable by the Offeror under the Share Offer will be HK\$3,055,392,178.80 (assuming that no Options are exercised) and HK\$3,102,236,818.80 (assuming that all the Options are exercised and no Options are surrendered pursuant to the Option Offer) respectively.

On the basis of the Option Offer Price and 39,037,200 outstanding Options as at the date of this announcement, in the event that the Option Offer is accepted in full, the aggregate amount payable under the Option Offer will be HK\$39,037.20.

Based on the foregoing, the aggregate amount payable under the Offers (assuming full acceptances under the Offers) will be HK\$3,055,431,216.

Terms of the Share Offer

Under the terms of the Share Offer, the Shares will be acquired: (i) with all rights attached thereto as at Completion, including the right to receive in full all dividends and other distributions, if any, declared, made or paid, on or after Completion (provided that if the record date for determining any accepting Shareholder's entitlement to dividends falls between the date for Completion and the date on which the relevant Shares of such Shareholder accepting the Offer are actually transferred to the Offeror, the total consideration payable to such accepting Shareholder for those Shares will be reduced by the total amount of dividends payable on such Shares); and (ii) free from all rights of pre-emption, options, liens, claims, equities, charges, encumbrances and third party rights.

Terms of the Option Offer

As at the date of this announcement, the Company has 39,037,200 outstanding Options under the Share Option Scheme. The exercise price of the outstanding Options is HK\$2.36 per Option.

In accordance with the terms of the Share Option Scheme, Optionholders are entitled to exercise their Options in full (to the extent not already exercised) at any time before the close of the Offers, after which the Options will lapse automatically (to the extent not exercised).

Save for the Options, as at the date of this announcement, the Company does not have any outstanding convertible securities, warrants, options or derivatives in respect of any Shares.

Pursuant to Rule 13 of the Takeovers Code, the Offeror will make an appropriate cash offer to the Optionholders to cancel their Options. As the exercise price of all the Options is above the Share Offer Price, the “see-through” price is zero and the Option Offer Price will be a nominal value of HK\$0.001 per Option.

Under the terms of the Option Offer, the Options of the accepting Optionholders (together with all rights attaching thereto) will be cancelled.

Hong Kong stamp duty

Seller’s ad valorem stamp duty arising in connection with acceptances of the Share Offer will be payable by each Shareholder at the rate of HK\$1.00 per HK\$1,000 (or part thereof) of the consideration payable by the Offeror for such person’s Shares and will be deducted from the cash amount due to such accepting Shareholder. The Offeror will pay the buyer’s ad valorem stamp duty and will account to the Stamp Office of Hong Kong for all stamp duty payable on the sale and purchase of Shares in respect of which valid acceptances are received under the Share Offer.

No stamp duty is payable in connection with the acceptances of the Option Offer.

Pre-conditions to the Offers

The Offers will not be made unless and until Completion occurs. If the Conditions to the Bluestone Sale Agreement are not satisfied or waived (as the case may be) in accordance with the terms of the Bluestone Sale Agreement, the Offers will not be made.

Conditions of the Offers

The Share Offer will be conditional upon the Offeror having received (and, where permitted, such acceptances not having been withdrawn), at or before 4:00 pm on the First Closing Date (or such other time as the Offeror may, subject to the Takeovers Code,

decide), valid acceptances in respect of the Shares which, together with the Sale Shares, will result in the Offeror and any person acting in concert with it holding more than 50% of the Shares. If such condition is not satisfied on or before the First Closing Date, the Share Offer will lapse unless the offer period is extended by the Offeror.

The Option Offer will be subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects.

Confirmation of financial resources

The acquisition of the Sale Shares pursuant to the Sale Agreements, and the acquisition of Shares and cancellation of the Options pursuant to the Offers, will be financed by a combination of external debt financing and the internal cash resources of the Offeror, depending on the number of Shares tendered.

Somerley has been appointed as the financial adviser to the Offeror in respect of the Offers. Somerley is satisfied that sufficient financial resources are available to the Offeror to satisfy the acquisition of the Sale Shares pursuant to the Sale Agreements and full acceptance of the Offers as described above.

Overseas Shareholders and Optionholders

The making of the Offers to persons not resident in Hong Kong may be affected by the laws and regulations of the relevant jurisdictions. Such persons should inform themselves about and observe any applicable legal, tax and regulatory requirements in their own jurisdictions. It is the responsibility of any overseas Shareholders or Optionholders wishing to accept the Offers to satisfy themselves as to the full observance of the laws of the relevant jurisdictions in connection with the Offers, including obtaining any governmental, exchange control or other consents which may be required, or compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

Composite Document

It is the intention of the respective board of directors of the Offeror and the Company to combine the offer document and the offeree board circular into a composite offer document. Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch an offer document containing the terms of the Offers and the relevant forms of acceptance and transfer of the Shares and cancellation of the Options to the Shareholders and the Optionholders within 21 days of the date of this announcement (or such later date as the Executive may approve). As the Conditions cannot be satisfied or waived (where applicable) within 21 days of the date of this announcement, the Offeror will apply for the consent of the Executive under Note 2 to Rule 8.2 of the Takeovers Code for an extension of time for despatching the Composite Document to any time within 7 days of Completion.

The Composite Document will contain, amongst other things, the detailed terms of the Offers, a letter from the IBC in relation to the Offers and a letter from the IFA to the IBC in respect of the Offers. An expected timetable in relation to the Offers will be included in the Composite Document.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 4,210,300,000 Shares in issue and 39,037,200 outstanding Options under the Share Option Scheme.

The following table sets out the shareholding structure of the Company immediately before and after Completion (and assuming that no Options are exercised and that there are no changes to the issued share capital of the Company after the date of this announcement):

Name of Shareholders	As at the date of this announcement		Upon Completion	
	Number of Shares held	Approximate % of Shares in issue <i>(rounded to 3 decimal places)</i>	Number of Shares held	Approximate % of Shares in issue <i>(rounded to 3 decimal places)</i>
The Offeror and its concert parties	0	0	1,664,139,851	39.525%
Bluestone	1,594,139,851	37.863%	—	—
PGL	77,570,068	1.842%	7,570,068	0.180%
Independent Shareholders	<u>2,538,590,081</u>	<u>60.295%</u>	<u>2,538,590,081</u>	<u>60.295%</u>
Total Shares in issue	<u><u>4,210,300,000</u></u>	<u><u>100.00%</u></u>	<u><u>4,210,300,000</u></u>	<u><u>100.00%</u></u>

INFORMATION ON THE GROUP

Principal activities

The Company is an investment holding company. The principal activities of the Group are the operation and management of high-end department stores and outlet malls in the PRC, generally targeted at high-income earners. The Shares have been listed on the Main Board of the Stock Exchange since December 2009. As at the date of this announcement, the Group operates or provides management consultancy services to 16 department stores and 3 outlet malls in Beijing and 7 provinces in the PRC.

Financial information

Set out below is a summary of the audited consolidated results of the Group for each of the two financial years ended 31 December 2010 and 2011, and its unaudited consolidated results for the six months ended 30 June 2012, as extracted from the Company's 2011 annual report and the Company's interim results announcement for the six months ended 30 June 2012, respectively:

	For the six months ended 30 June 2012 <i>(unaudited)</i> RMB'000	For the year ended 31 December 2011 2010 <i>(audited)</i> <i>(audited)</i> RMB'000 RMB'000	
Revenue	644,215	1,278,251	1,140,755
Profit before tax	169,832	466,051	488,578
Profit for the period	107,535	331,897	360,309
Profit attributable to Shareholders	90,054	312,759	340,710

The unaudited consolidated net assets of the Group attributable to Shareholders as at 30 June 2012 were approximately RMB2,400,987,000 (equivalent to approximately HK\$2,948,528,797.74), which was equivalent to approximately RMB0.57 per Share (or approximately HK\$0.70 per Share). The audited consolidated net assets of the Group attributable to Shareholders as at 31 December 2011 and 2010 were approximately RMB2,396,827,000 and RMB2,330,185,000, respectively (equivalent to approximately HK\$2,943,420,115.43 and HK\$2,861,580,498.58, respectively).

Profit Warning

Reference is made to the clarification announcement on profit warning published by the Company on 18 January 2013 (“**Profit Warning**”), pursuant to which the Directors informed the Shareholders and potential investors that (based on a preliminary review of the unaudited management accounts of the Group for the period from January 2012 to November 2012 and other relevant financial information relating to December 2012) the Group is expected to record a notable decrease in the net profit for the financial year ended 31 December 2012 as compared to that for the financial year ended 31 December 2011.

The anticipated notable decrease in the net profit for the financial year ended 31 December 2012 as disclosed in the Profit Warning constitutes a loss forecast under Rule 10 of the Takeovers Code and therefore must be reported on by a financial adviser and the reporting accountants of the Company in accordance with Rule 10 of the Takeovers Code. The Company has undertaken that reports from a financial adviser and the reporting accountants on the Profit Warning will be included in the Composite Document if the 2012 annual results are not yet released before the despatch of the Composite Document. **Attention is drawn to the fact that the Profit Warning has not been reported on in accordance with the Takeovers Code and therefore should not be relied upon as a forecast of any future profitability of the Group. Accordingly, Shareholders and investors should exercise caution when interpreting the Profit Warning or when placing reliance on the Profit Warning in assessing the merits or demerits of the transactions contemplated in this announcement.**

Bonds

The Group issued the Bonds on 2 February 2011. The Bonds are redeemable at the option of the bondholders at any time following the occurrence of a change of control of the Company. “Control” is defined in the terms of the Bonds 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. Therefore, the Bonds will be redeemable at the option of the bondholders upon Completion in accordance with the terms and conditions of the Bonds. As at the date of this announcement, the principal outstanding amount of the Bonds is RMB736,000,000.

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the Cayman Islands. It is a wholly-owned subsidiary of WFJ International, which is an investment holding company established under the laws of the PRC. The controlling shareholder of WFJ International is WFJ Dongan, which is ultimately 100% owned by the Beijing SASAC.

WFJ International is the controlling shareholder of Beijing Wangfujing Department Store (Group) Co., Ltd, which is listed on the Shanghai Stock Exchange. Beijing Wangfujing Department Store (Group) Co., Ltd is a leading department store chain with a nationwide network in the PRC. With its headquarters located in Beijing, the group operated 27 department stores in 19 cities in the PRC at the end of 2012, and two more stores were opened on a trial basis in January 2013. The group possesses deep knowledge of the sector and has accumulated solid industry experience. For the year ended 31 December 2011, the group’s revenue was approximately RMB16.76 billion (equivalent to approximately HK\$20.58 billion).

OFFEROR'S INTENTION IN RELATION TO THE GROUP

If the Offers are completed, the board of the Offeror intends that the Company will continue to carry on its existing business. There is a strong commitment to build on the Company's current brand and business model. The Offeror has no plans, if the Offers are completed, to: (i) make any major disposal or redeployment of assets of the Group; or (ii) discontinue the employment of the employees of the Group (other than in the ordinary course of business).

Proposed change to the board composition of the Company

The Board currently comprises six directors, of whom three are executive Directors and three are independent non-executive Directors. The Offeror intends to nominate new Directors for appointment to the Board with effect from the earliest time permitted under the Takeovers Code. Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and a further announcement will be made accordingly.

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 despatch of the Composite Document, 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.

PUBLIC FLOAT OF THE COMPANY

If the Offeror does not effect the compulsory acquisition set out above and, at the close of the Share Offer, less than 25% of the Shares are held by the public or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- there are insufficient Shares in public hands to maintain an orderly market,

then the Stock Exchange may exercise its discretion to suspend dealings in the Shares. In that connection, it should be noted that, upon completion of the Share Offer, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a prescribed level of public float is attained.

INDEPENDENT BOARD COMMITTEE

Under Rule 2.1 of the Takeovers Code, a board which receives an offer or which is approached with a view to an offer being made, must, in the interests of shareholders, establish an independent committee of the board to make a recommendation: (i) as to whether the offer is, or is not, fair and reasonable; and (ii) as to acceptance or voting.

An independent board committee of the Company will be established in respect of the Offers. An independent financial adviser will be appointed, subject to approval by the IBC, to advise the IBC in respect of the Offers in due course. A further announcement will be made by the Company upon the appointment of the IFA.

OTHER ARRANGEMENTS

As at the date of this announcement:

- (a) neither the Offeror nor any person acting in concert with it has received any irrevocable commitment to accept the Offers;
- (b) save for the Sale Agreements: (i) there are no arrangements (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the Shares or the Offeror which might be material to the Offers; and (ii) there is no agreement or arrangement to which the Offeror (nor any person acting in concert with it) is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers; and
- (c) there are no relevant securities in the Company which the Offeror (or any person acting in concert with it) has borrowed or lent, save for any borrowed shares which have been either on-lent or sold.

INTEREST IN SHARES

Save for the Sale Shares to be acquired under the Sale Agreements, neither the Offeror nor any person acting in concert with it owns (or has control or direction over) any Shares, rights over the Shares (including agreements to purchase, options, warrants, convertible securities, voting rights and irrevocable commitments to accept any of the Offers) or derivatives in respect of Shares.

WARNING: The Offers will only be made if Completion takes place. Completion is conditional upon the fulfillment (or, where applicable, waiver) of the Conditions described in the sections headed “Conditions of the Bluestone Sale Agreement” and “Conditions of the PGL Sale Agreement” of this announcement. Accordingly, the Offers may or may not be made. Shareholders and investors are advised to exercise caution in dealing in the Shares.

DISCLOSURE OF DEALINGS

All Associates of the Company and the Offeror are reminded to disclose their dealings in any relevant securities of the Company.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 am on 25 January 2013 pending the release of this announcement. Application has been made for the resumption of trading in the Shares with effect from 9:00 am on 1 February 2013.

DEFINITIONS

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

“acting in concert” has the meaning given to it in the Takeovers Code, and “persons acting in concert” and “concert parties” should be construed accordingly;

“Associate” has the meaning given to it in the Takeovers Code;

“Authorisations”	any license, permit, consent, authorisation, permission, clearance or approval of any Authority or any other person;
“Authority”	any competent governmental, administrative, supervisory, regulatory, judicial, determinative, disciplinary, enforcement or Tax raising body, authority, agency, board, department, court or tribunal of any jurisdiction (including any relevant securities exchange) and whether supranational, national, regional or local;
“Beijing SASAC”	the State-owned Assets Supervision and Administration Commission of the People’s Government of Beijing Municipality, PRC;
“Bluestone”	Bluestone Global Holdings Limited, a company incorporated with limited liability in the British Virgin Islands;
“Bluestone Sale Agreement”	the sale and purchase agreement dated 24 January 2013 between Bluestone, the Offeror and WFJ International, pursuant to which Bluestone has agreed to sell, and the Offeror has agreed to purchase, the Bluestone Sale Shares;
“Bluestone Sale Shares”	the 1,594,139,851 Shares legally and beneficially owned by Bluestone, representing approximately 37.86% of the issued share capital of the Company;
“Board”	the board of Directors;
“Bonds”	the RMB750,000,000 guaranteed bonds issued by the Group on 2 February 2011 with a term of three years and with a fixed interest rate of 5.25% per annum (payable semi-annually in arrears on 1 February and 1 August each year), and which are listed on The Singapore Exchange Securities Trading Limited;
“Business Day”	a day on which banks are generally open for business in Hong Kong (other than a Saturday, Sunday or a public holiday or a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted or remains hoisted in Hong Kong at any time between 9:00 am and 5:00 pm);

“Cayman Islands Companies Law”	the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands;
“Company”	PCD Stores (Group) Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the main board of the Stock Exchange (Stock Code: 331);
“Completion”	the simultaneous completion of the Bluestone Sale Agreement and the PGL Sale Agreement;
“Composite Document”	the composite offer and response document to be issued jointly by the Offeror and the Company to all the Shareholders and the Optionholders in accordance with the Takeovers Code containing, amongst other things, the detailed terms of the Offers;
“Conditions”	the conditions of the Sale Agreements, as set out under the paragraphs headed “Conditions of the Bluestone Sale Agreement” and “Conditions of the PGL Sale Agreement” of this announcement;
“Directors”	directors of the Company, including the independent non-executive directors of the Company;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC, or any delegate of the Executive Director;
“First Closing Date”	the date to be stated in the Composite Document as the first closing date of the Share Offer (or any subsequent closing date as may be decided and announced by the Offeror and approved by the Executive);
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“IBC”	the independent committee of the Board to be formed for the purpose of making a recommendation to the Shareholders and to the Optionholders as to whether the Offers are respectively fair and reasonable and as to acceptance;

“IFA”	the independent financial adviser to be appointed by the IBC to advise the IBC in connection with the Offers and, in particular, as to whether the Offers are respectively fair and reasonable and as to acceptance;
“Last Trading Day”	24 January 2013, being the last trading day prior to the suspension of trading in the Shares pending the publication of this announcement;
“Long Stop Date”	the date which is six months after the date of this announcement (or such later date as Bluestone and the Offeror may agree in writing);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“MOC”	the Ministry of Commerce of the PRC or its authorised local agency, as applicable;
“NDRC”	the National Development and Reform Committee of the PRC or its authorised local agency, as applicable;
“Offers”	the Share Offer and the Option Offer;
“Offeror”	Belmont Hong Kong Ltd., a company incorporated in the Cayman Islands;
“Option Offer”	the possible conditional mandatory cash offer by Somerley on behalf of the Offeror to the Optionholders for cancellation of the Options;
“Option Offer Price”	the cash amount of HK\$0.001 per Option, payable by the Offeror to the relevant Optionholders for each Option accepted under the Option Offer;
“Optionholders”	registered grantees/holders for the time being of Options;
“Options”	outstanding options over Shares granted pursuant to the Share Option Scheme, where one Option represents the right to subscribe for one Share with an exercise price of HK\$2.36 for each Share;
“PGL”	Portico Global Limited, a company incorporated with limited liability in the British Virgin Islands;

“PGL Sale Agreement”	the sale and purchase agreement dated 24 January 2013 between PGL and the Offeror pursuant to which PGL has agreed to sell, and the Offeror has agreed to buy, the PGL Sale Shares;
“PGL Sale Shares”	the 70,000,000 Shares legally and beneficially owned by the PGL, representing approximately 1.66% of the issued share capital of the Company;
“PRC”	the People’s Republic of China;
“Relevant Trading Day”	5 November 2012, being the last full trading day prior to the suspension of trading in the Shares before the publication of the Rule 3.7 Announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Rule 3.7 Announcement”	the announcement made by the Company pursuant to Rule 3.7 of the Takeovers Code and Rule 13.09 of the Listing Rules on 7 November 2012;
“SAFE”	the State Administration of Foreign Exchange of the PRC or its authorised local agency, as applicable;
“Sale Agreements”	the Bluestone Sale Agreement and the PGL Sale Agreement;
“Sale Shares”	the Bluestone Sale Shares and the PGL Sale Shares;
“SASAC”	the State-owned Assets Supervision and Administration Commission of the PRC or its authorised local agency, as applicable;
“Shareholders”	registered holders for the time being of Shares;
“Shares”	ordinary shares of US\$0.005 each in the capital of the Company;
“Share Offer”	the conditional mandatory cash offer by Somerley on behalf of the Offeror to acquire all of the issued and to be 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) at the Share Offer Price in accordance with the Takeovers Code;

“Share Offer Price”	the cash amount of HK\$1.20 per Share payable by the Offeror to the relevant Shareholders for each Share accepted under the Share Offer;
“Share Option Scheme”	the share option scheme adopted by the Company pursuant to a resolution passed by the Shareholders on 5 November 2009, as amended from time to time;
“Somerley”	Somerley Limited, a corporation licensed by the SFC to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, the financial adviser to the Offeror in respect of the Offers;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Code on Takeovers and Mergers published by the SFC;
“WFJ International”	Beijing Wangfujing International Commercial Development Co., Ltd (北京王府井國際商業發展有限公司), a company established under the laws of the PRC; and
“WFJ Dongan”	Beijing Wangfujing Dongan Group Co., Ltd. (北京王府井東安集團有限責任公司), a company established under the laws of the PRC.

Unless otherwise specified in this announcement, amounts denominated in RMB have been converted, for illustrative purpose only, into HK\$ at an exchange rate of RMB0.8143 = HK\$1. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be converted at the above rate and any other rate or at all.

By order of the board of
Belmont Hong Kong Ltd.
Dong Jiasheng
Director

By order of the board of
PCD Stores (Group) Limited
Xiang Qiang
President

Hong Kong, 31 January 2013

As at the date of this announcement, the executive Directors 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.

As at the date of this announcement, the board of directors of the Offeror comprises Mr. Dong Jiasheng, Mr. Tao Ran and Mr. Geng Jiaqi.

As at the date of this announcement, the board of directors of WFJ Dongan comprises Mr. Zheng Wanhe, Ms. Liu Bing and Ms. He Enlan.

The directors of the Offeror and WFJ Dongan jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Group) and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Company or any directors of the Company) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Sale Agreements, the terms and conditions of the Offers, the Offeror and WFJ International) and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by WFJ International or the Offeror or any directors of WFJ International or the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.