THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offers or this Composite Document and/or the Form(s) of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares, you should at once hand this Composite Document and the accompanying Form(s) of Acceptance to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Composite Document should be read in conjunction with the accompanying Form(s) of Acceptance, the contents of which form part of the terms of the Offers contained therein.

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)

COMPOSITE DOCUMENT RELATING TO 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

Financial adviser to Belmont Hong Kong Ltd.

SOMERLEY LIMITED

Independent financial adviser to the Independent Board Committee

ANGLO CHINESE CORPORATE FINANCE, LIMITED 英高

All capitalised terms used in this Composite Document shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from Somerley is set out on pages 10 to 21 of this Composite Document.

A letter from the Board is set out on pages 22 to 27 of this Composite Document.

A letter from the Independent Board Committee containing its recommendation in respect of the Offers to the Independent Shareholders and the Optionholders is set out on pages 28 to 29 of this Composite Document.

A letter from the Independent Financial Adviser containing its advice and recommendation in respect of the Offers is set out on pages 30 to 56 of this Composite Document.

A letter from the Property Valuer is set out on pages III-1 to III-37 of this Composite Document.

The procedures for acceptance of the Offers and other related information are set out on pages I-1 to I-8 in Appendix I to this Composite Document and in the accompanying Form(s) of Acceptance. Acceptances of the Offers should be received by the Registrar by no later than 4:00 pm on 23 July 2013 or such later time and/or date as the Offeror may decide and announce, with the consent of the Executive, in accordance with the Takeovers Code.

* *For identification purposes only*

2 July 2013

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OVERVIEW

On 31 January 2013, the Company and the Offeror jointly announced that the Company was informed by Bluestone and PGL 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 had conditionally agreed to sell, and the Offeror had 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 had conditionally agreed to sell, and the Offeror had 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 represented approximately 39.53% of the entire issued share capital of the Company as at the date of the Joint Announcement. Completion of the Sale Agreements was conditional upon the satisfaction or waiver of the Conditions.

It was further announced that pursuant to Rule 26.1 of the Takeovers Code, upon Completion, 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) and the Option Offer for the cancellation of all outstanding Options pursuant to Rule 13 of the Takeovers Code.

On 28 June 2013, the Offeror and the Company jointly announced that Completion took place on 28 June 2013. As a result of Completion, Somerley is now making the Offers on behalf of the Offeror.

THE SHARE OFFER

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

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

The Offeror has decided that the Share Offer Price will not be increased, and the Offeror does not reserve the right to do so.

THE OPTION OFFER

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 is a nominal value of HK$0.001 per Option.

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.

SETTLEMENT OF THE CONSIDERATION FOR THE OFFERS

Payment in cash in respect of acceptances of the Offers will be made as soon as possible but in any event within seven Business Days of the later of the date on which the Offers become or are declared unconditional and the receipt of all the relevant documents by the Registrar to render such acceptance complete and valid.

COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING OF THE COMPANY

The Offeror intends to exercise the right under section 88 of the 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 received acceptances of the Share Offer and purchases (in each case of the Shares subject to the Share Offer) made by the Offeror and parties acting in concert with it total 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.

WARNING: If the level of acceptances reach the level prescribed under the Companies Law, and Rule 2.11 of the Takeovers Code permits a compulsory acquisition and the Offeror proceeds with the privatisation of the Company, dealings in the securities of the Company will be suspended from the close of the Offers up to the withdrawal of the Company's securities from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

The timetable set out below is indicative only and may be subject to change. Further announcement(s) will be made in the event of any changes to the timetable.

	2013
Offers open for acceptance	2 July
Latest time and date for acceptance of the Offers if not revised or extended *(Notes 1 and 3)*	4:00 pm on 23 July
First Closing Date *(Note 1)*	23 July
Announcement of the results of the Offers or as to whether the Offers have been revised or extended on the website of the Stock Exchange *(Note 1)*	by 7:00 pm on 23 July
Latest date of posting of remittance in respect of valid acceptances received on or before the latest time for acceptance of the Offers (if the Offers have become unconditional on the First Closing Date) *(Note 2)*	1 August
Latest date by which the Offers can be declared unconditional *(Note 4)*	30 August

Notes:

1. The latest time for acceptance of the Offers is 4:00 pm on 23 July 2013. The Offers, which are conditional, will be closed on 23 July 2013 unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. The Offeror will issue an announcement by 23 July 2013 as to whether the Offers have been revised, extended or expired. In the event that the Offeror decides to extend the Offers, at least 14 days' notice by way of an announcement will be given before the Offers are closed to those Shareholders who have not accepted the Offers.

2. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Shares tendered under the Offers will be posted to accepting Independent Shareholders by ordinary post as soon as possible, but in any event within 7 Business Days from the later of the date on which the Offers become unconditional and the date of receipt by the Registrar, from the Shareholders accepting the Offers, of the duly completed Form(s) Of Acceptance and all requisite documents. Please refer to the paragraph headed "Settlement of the Offers" in Appendix I to this Composite Document.

3. Acceptances of the Offers shall be irrevocable and not capable of being withdrawn, except in the circumstances as set out in the paragraph headed "Right of withdrawal" in Appendix I to this Composite Document.

4. In accordance with the Takeovers Code, except with the consent of the Executive, the Offers may not become or be declared unconditional after 7:00 pm on the 60th day after the day the Composite Document was posted. Accordingly, unless the Offers have previously become or are declared unconditional as to acceptances, the Offers will lapse after 7:00 pm on 30 August 2013, unless extended with the consent of the Executive.

All time and date references contained in this Composite Document refer to Hong Kong times and dates.

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

"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;
"Beijing SASAC"	State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality, PRC;
"BLUE Form(s) of Acceptance"	the form(s) of acceptance and cancellation in blue of the Options in respect of the Option Offer;
"Bluestone"	Bluestone Global Holdings Limited, a company incorporated with limited liability in the British Virgin Islands which 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;
"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 as at the date of the Joint Announcement, representing approximately 37.86% of the issued share capital of the Company as at the date of the Joint Announcement;
"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);
"CCASS"	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;

"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);
"Companies Law"	the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands;
"Completion"	the simultaneous completion of the Bluestone Sale Agreement and the PGL Sale Agreement;
"Composite Document"	this composite offer and response document dated 2 July 2013 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 the Joint 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"	23 July 2013, the first closing date of the Offers;
"Form(s) of Acceptance"	the accompanying WHITE Form(s) of Acceptance in respect of the Share Offer and the BLUE Form(s) of Acceptance in respect of the Option Offer;
"Golden Eagle"	Golden Eagle International Retail Group Limited which is independent of the Offeror;
"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 comprising all the independent non-executive Directors, established for the purpose of making recommendations to the Independent Shareholders and the Optionholders in respect of the Offers;

"IFA"	Anglo Chinese Corporate Finance, Limited (a corporation licensed under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities), being the independent financial adviser to the IBC in respect of the Offers;
"Independent Shareholders"	Shareholders other than the Offeror and parties acting in concert with it;
"Joint Announcement"	the joint announcement made by the Company and Offeror dated 31 January 2013 in respect of the acquisition of the Sale Shares and the Offers;
"Last Trading Day"	24 January 2013, being the last trading day prior to the suspension of trading in the Shares pending the publication of the Joint Announcement;
"Latest Practicable Date"	28 June 2013, being the latest practicable date prior to the printing of this Composite Document for the purpose of ascertaining certain information contained in this Composite Document;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Offeror"	Belmont Hong Kong Ltd., a company incorporated in the Cayman Islands;
"Offers"	the Share Offer and the Option Offer;
"Optionholders"	registered grantees/holders for the time being of Options;
"Option Offer"	the 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;
"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;
"Overseas Optionholders"	Optionholders, whose registered addresses, as shown on the register of Optionholders are outside of Hong Kong;

"Overseas Shareholders"	Shareholders, whose registered addresses, as shown on the register of members of the Company, are outside of Hong Kong;
"PGL"	Portico Global Limited, a company incorporated with limited liability in the British Virgin Islands which is ultimately controlled by Mr. Alfred Chan and Mr. Edward Tan;
"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 PGL as at the date of the Joint Announcement, representing approximately 1.66% of the issued share capital of the Company as at the date of the Joint Announcement;
"PRC"	the People's Republic of China;
"Property Valuer"	DTZ Debenham Tie Leung Limited;
"Registrar"	Computershare Hong Kong Investor Services Limited, the Company's branch share registrar in Hong Kong located at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong;
"Relevant Period"	the period from 7 May 2012, being the date falling 6 months preceding the commencement of the offer period, up to and including the Latest Practicable Date;
"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;
"Sale Agreements"	the Bluestone Sale Agreement and the PGL Sale Agreement;
"Sale Shares"	the Bluestone Sale Shares and the PGL Sale Shares;
"Shareholders"	registered holders for the time being of Shares;

"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 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;
"Shares"	ordinary shares of US$0.005 each in the capital of the Company;
"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 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 which is ultimately 100% owned by the Beijing SASAC;
"WFJ Group"	WFJ International and its subsidiaries;
"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, the controlling shareholder of which is WFJ Dongan (which is ultimately 100% owned by the Beijing SASAC);
"WFJ Store"	Beijing Wangfujing Department Store (Group) Co., Ltd (北京王府井百貨(集團)股份有限公司), a company established under the laws of the PRC and listed on the Shanghai Stock Exchange, the controlling shareholder of which is WFJ International; and

"WHITE Form(s) of Acceptance"	the form(s) of acceptance and transfer in white of the Share(s) in respect of the Share Offer.

Unless otherwise specified in this Composite Document, 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.

SOMERLEY LIMITED
20th Floor
Aon China Building
29 Queen's Road Central
Hong Kong

2 July 2013

To the Independent Shareholders
and the Optionholders

Dear Sir or Madam,

**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**

1. INTRODUCTION

On 31 January 2013, the Company and the Offeror jointly announced that the Company was informed by Bluestone and PGL 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 had conditionally agreed to sell, and the Offeror had 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 had conditionally agreed to sell, and the Offeror had 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 represented approximately 39.53% of the entire issued share capital of the Company as at the date of the Joint Announcement. Completion of the Sale Agreements was conditional upon the satisfaction or waiver of the Conditions.

It was further announced that pursuant to Rule 26.1 of the Takeovers Code, upon Completion, 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.

On 21 June 2013, the Offeror and the Company jointly announced that the Conditions set out in paragraphs (a), (b) and (d) of the section headed "Conditions of the Bluestone Sale Agreement" of the Joint Announcement were satisfied or waived, and that the Conditions set out in paragraphs (c), (e) and (f) are expected to be satisfied or waived at Completion. On 28 June 2013, the Offeror and the Company jointly announced that Completion took place on 28 June 2013. As at the Latest Practicable Date, and following Completion, the Offeror and parties acting in concert with it hold 1,664,139,851 Shares, representing approximately 39.53% of the issued share capital of the Company. As a result of Completion, Somerley is now making the Offers on behalf of the Offeror.

This letter sets out, among other things, details of the terms of the Offers, information on the Offeror and the intention of the Offeror regarding the Group. Further details of the terms of the Offers are set out in Appendix I to the Composite Document of which this letter forms part, and in the accompanying Form(s) of Acceptance. Terms used in this letter shall have the same meaning as those defined in the Composite Document unless the context otherwise requires.

The Independent Shareholders and the Optionholders are strongly advised to consider carefully the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee" and the "Letter from Anglo Chinese Corporate Finance, Limited" as set out in the Composite Document.

2. THE OFFERS

2.1 Consideration

Somerley is making, for and on behalf of the Offeror, the Offers on the following terms in accordance with Rule 26.1 and Rule 13 of the Takeovers Code:

The Share Offer

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

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

Since the price per Sale Share was determined when the Bluestone Sale Agreement and the PGL Sale Agreement were entered into, the Company has published its audited consolidated financial results and annual report for the year ended 31 December 2012. Having considered such information, and in particular the following information as disclosed in the Company's 2012 annual report:

(a) the financial performance of the Group was adversely affected in the year ended 31 December 2012 as a result of the general global economic downturn and slowdown of the economic growth in the PRC (in particular, the profit attributable to Shareholders decreased by more than 50% from approximately RMB312.76 million in the year ended 31 December 2011 to approximately RMB156.34 million in the year ended 31 December 2012);

(b) other operating expenses (which mainly comprised of promotion, advertising and related expenses, bank charges and utilities expenses) of the Group increased by more than 20% from approximately RMB279.58 million in the year ended 31 December 2011 to approximately RMB337.75 million in the year ended 31 December 2012 (where such increase was mainly attributable to the start-up cost and other operating expenses incurred in connection with the opening of new stores in 2012); and

(c) as at 31 December 2012, the Group had approximately RMB1,686.02 million of borrowings (where more than 44% of which was attributable to the Bonds, which as set out in Section 3 below, will be redeemable at the option of the bondholders upon Completion in accordance with the terms and conditions of the Bonds),

the Offeror has decided that the Share Offer Price will not be increased, and the Offeror does not reserve the right to do so.

The Option Offer

The consideration for the cancellation of each Option is 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 is a nominal value of HK$0.001 per Option.

As at the Latest Practicable Date, there were 4,210,300,000 Shares in issue and 38,966,600 outstanding Options under the Share Option Scheme. Save as disclosed above, as at the Latest Practicable Date, there were no other outstanding options, warrants, derivatives or convertible securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

2.2 Comparisons of value

The Share Offer Price represents:

(a) a premium of approximately 0.84% over the closing price of HK$1.19 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(b) 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;

(c) 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;

(d) 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;

(e) a premium of approximately 60.00%, 84.62%, 93.55% and 90.48% over the average closing price of approximately HK$0.75, HK$0.65, HK$0.62 and HK$0.63 per Share as quoted on the Stock Exchange for the last 5, 30, 60 and 90 trading days immediately prior to and including the Relevant Trading Day; and

(f) a premium of approximately 69.01% over the audited consolidated net asset value of the Group attributable to Shareholders per Share as at 31 December 2012 of approximately RMB0.58 (equivalent to approximately HK$0.71).

Please also refer to the paragraph headed "Market Prices" in Appendix IV to this Composite Document for further information on the market prices of the Shares.

2.3 Highest and lowest trading prices

The highest and lowest closing prices of Shares as quoted on the Stock Exchange during the period of six months preceding the commencement of the offer period and ending on the Latest Practicable Date were HK$1.20 and HK$0.53 respectively.

2.4 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 38,966,600 outstanding Options as at the Latest Practicable Date, in the event that the Share Offer is accepted in full, the Share Offer is valued at HK$3,055,392,178.80 (assuming that no Options are exercised) and HK$3,102,152,098.80 (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 38,966,600 outstanding Options with an exercise price of HK$2.36 per Option as at the Latest Practicable Date, in the event that the Option Offer is accepted in full, the Option Offer is valued at HK$38,966.60.

Based on the foregoing, the Offers (assuming full acceptances under the Offers) are valued at HK$3,055,431,145.40.

2.5 Confirmation of financial resources

Somerley is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offers. The Offeror is financing the Offers by a combination of bank borrowings and internal resources. The payment of interest on, repayment of or security for such bank borrowings (contingent or otherwise) will not depend to any significant extent on the business of the Group.

2.6 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.

3. INFORMATION ON THE GROUP

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 Latest Practicable Date, the Group operates or provides management consultancy services to 16 department stores and 3 outlet malls in Beijing and 6 provinces in the PRC.

The Group issued the Bonds on 2 February 2011. The Bonds are redeemable at the option of the bondholders no later than 30 days 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 Latest Practicable Date, the principal outstanding amount of the Bonds is RMB736,000,000.

The Group reported an audited net profit before and after taxation of approximately RMB304,566,000 and RMB186,970,000 respectively for the financial year ended 31 December 2012. For the financial year ended 31 December 2011, the Group reported an audited net profit before and after taxation of approximately RMB466,051,000 and RMB331,897,000 respectively.

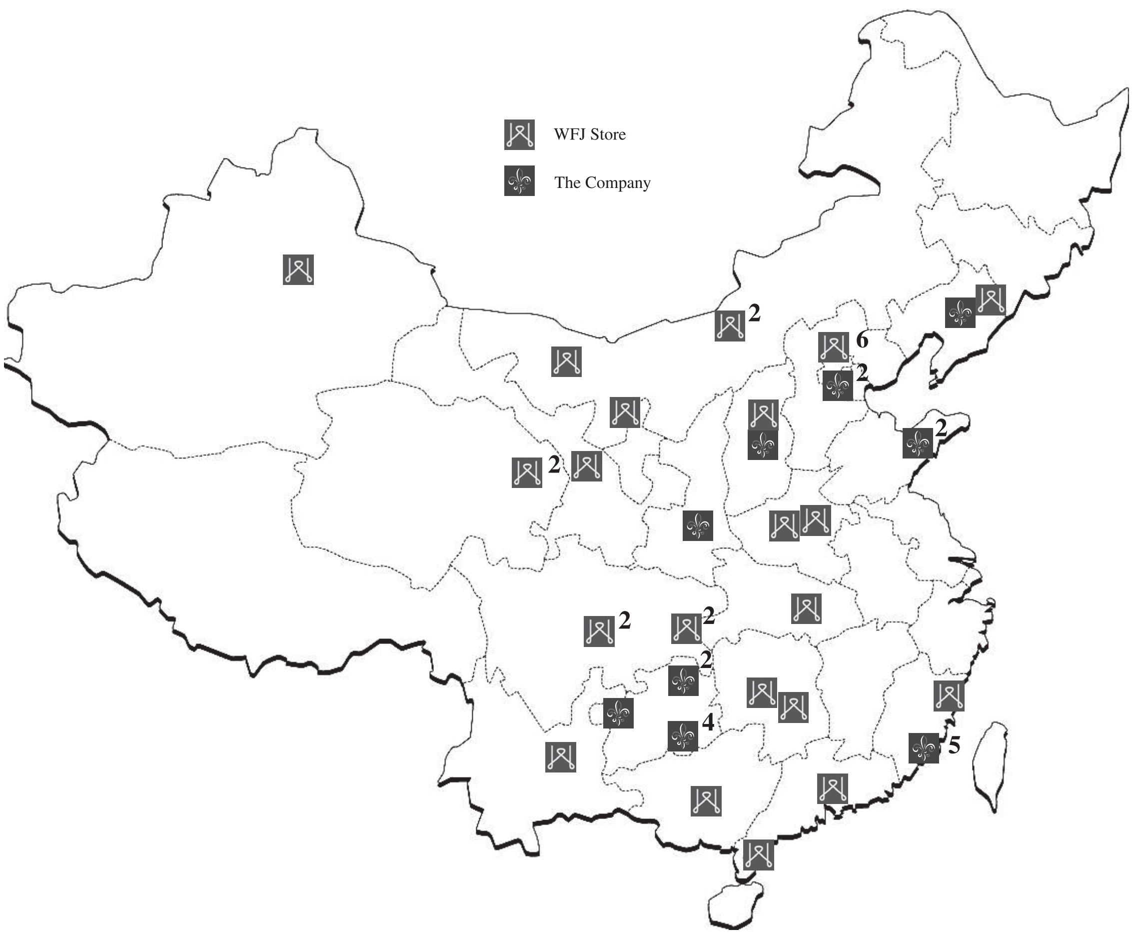
4. INFORMATION ON THE OFFEROR

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 WFJ Store, which is listed on the Shanghai Stock Exchange. Other than its holding in the Offeror and WFJ Store, WFJ International does not conduct any other businesses. WFJ Store is a leading department store chain with a nationwide network in the PRC. With its headquarter located in Beijing, WFJ Store operates 30 department stores in 21 cities in the PRC as at the Latest Practicable Date. WFJ Store possesses deep knowledge of the sector and has accumulated solid industry experience. For the year ended 31 December 2012, WFJ Store's revenue was approximately RMB18.26 billion (equivalent to approximately HK$22.42 billion).

5. REASONS AND BENEFITS OF THE OFFERS

As set out in Section 4 above, WFJ International controls a department store/outlet mall chain through its controlling stake in WFJ Store, which is listed on the Shanghai Stock Exchange. The map below illustrates the main stores respectively owned by WFJ Store and by the Company. As shown in the map, the respective locations of the two chains complement each other with little overlap. Consequently, the Offeror believes that the business of the Group is a good strategic fit with the existing businesses of the WFJ Group. In particular, the Offeror sees strong potential in scale development of the department store business in China.



Source: websites of Wangfujing and PCD Stores

* *number denotes number of stores in the particular location*

The Offeror believes that the terms of the Offers are attractive to the Independent Shareholders and provide an opportunity for the Independent Shareholders to realize their Shares in return for cash. In this regard, the Offeror notes that for the 12 months up to and including the Relevant Trading Day, the monthly average trading volume of the Shares was about 261.91 million, or approximately 6.22% of the total Shares in issue as at the Latest Practicable Date. The Offeror also notes that the Share Offer Price of HK$1.20 per Share represents a substantial premium (in the range of approximately 53.85% to 93.55%) over the Share price before the publication of the Rule 3.7 Announcement. In addition, it represents a premium of approximately 69.01% over the audited consolidated net asset value of the Group attributable to Shareholders as at 31 December 2012. From the Last Trading Day to the Latest Practicable Date, the broader equity market, as represented by the Hang Seng Index, decreased by approximately 11.85%. However, over the same period, the price per Share had been trading at prices in line with the Share Offer Price, which had been fixed since the entering into of the Sale Agreements on the Last Trading Day.

On the basis of the above, the Offeror considers that the terms of the Offers are attractive to the Independent Shareholders and the Optionholders, and urges all Independent Shareholders and the Optionholders to accept the Offers.

The Offeror also notes that the only condition to the Offers is the Offeror having received 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. As set out in Section 10 below, after the Offers become unconditional, payment in cash in respect of acceptance (provided they are complete and valid in accordance with the terms of the Offers) will be made within seven Business Days of their receipt by the Registrar.

6. 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).

However, the Offeror will continue to assess any business opportunity that may arise from time to time involving the business and/or assets of the Group and will formulate strategic corporate planning as and when appropriate.

As set out in Section 8 below, the Offeror's intention is to privatise the Company. The Offeror believes that the Company will benefit from the flexibilities as a non-listed company which includes access to growth capital from the Offeror at short notice and without exposure to market volatility. As mentioned above, the Offeror is committed to build on the Company's current brand and business model, including possible expansions of network of stores, which may require additional funding. If the Company remains listed, the Offeror may consider affording all Shareholders the opportunity to participate in fund raising exercises through a rights issue, open offer or other measures.

7. 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. Mr. Edward Tan, an executive Director, and Mr. Randolph Yu, Mr. Ainsley Tai and Mr. Li Chang Qing, the independent non-executive Directors, will resign from their office with effect from the First Closing Date. The Offeror has nominated Ms. Liu Bing, Mr. Dong Jiasheng, Mr. Du Baoxiang and Mr. Du Jianguo for appointment and the Board has appointed them as executive Directors with effect from 3 July 2013, being the Business Day after the despatch of the Composite Document. Ms. Liu Bing will be appointed as Chairman of the Group with effect from 3 July 2013. The biographies of Ms. Liu Bing, Mr. Dong Jiasheng, Mr. Du Baoxiang and Mr. Du Jianguo are set out below:

Ms. LIU Bing (劉冰), aged 59, is currently the chairperson of the board of WFJ International, the president and the chairperson of the board of WFJ Store and the chairperson of the board of WFJ Dongan. Ms. Liu has over 30 years of experience in the management of department stores in the PRC. Prior to becoming the president of WFJ Store in March 2007, Ms. Liu held various senior positions within WFJ Store. From April 1993 to March 2007, she was the director, board secretary and deputy general manager of WFJ Store; from December 1987 to April 1993, she was the deputy general manager of WFJ Store in Beijing (then known as "Beijing Department Store"), and from October 1979 to December 1987, she was the deputy office head of WFJ Store in Beijing (then known as "Beijing Department Store"). Ms. Liu studied on a part time basis in the Business Economics Management Graduate Program at People's University in Beijing from September 1994 to December 1996.

Mr. DONG Jiasheng (東嘉生), aged 57, is currently a director and general manager of WFJ International, a director of WFJ Store and a director of the Offeror. Mr. Dong has approximately 33 years of experience in the management of department stores and retail industry in the PRC, and has held various senior positions within WFJ Store. From June 2007 to May 2011, he was the director and vice president of WFJ Store; from August 2000 to June 2007, he was the vice president of WFJ Store. Prior to joining WFJ Store, from July 1996 to August 2000, Mr. Dong was the deputy general manager of the WFJ Dongan group, and from April 1995 to July 1996, he was a senior researcher at the Commerce, Trade and Industrial Commission of Beijing Municipality. From September 1992 to April 1995, he was the deputy general manager of Beijing Dongan Department Store. From March 1992 to September 1992, he was the deputy head of establishment office of Beijing Shuangan Department Store. From August 1989 to March 1992, he was the deputy party secretary of Beijing Changan Department Store. From June 1986 to August 1989, he was a cadre in Beijing 1st Commerce Bureau. Mr. Dong obtained a Master of Science in Project Management (Real Estate) from the City University of Hong Kong in November 2006.

Mr. DU Baoxiang (杜寶祥), aged 54, is currently a director of WFJ International and a director and executive vice president of WFJ Store. Mr. Du has approximately 30 years of experience in the management of department stores in the PRC. Prior to becoming the director of WFJ Store in June 2013, he has been the executive vice president of WFJ Store since November 2011. Prior to November 2011, Mr. Du held various senior positions within WFJ Store. From March 1998 to November 2011, he was the vice president of WFJ Store; from October 1996 to March 1998, he was the general manager of retail department of WFJ Store. From May 1996 to October 1996, he was the general manager of Haiwen Branch of WFJ Store in Beijing (then known as "Beijing

Department Store"); from September 1985 to May 1996, he had been the deputy manager, manager and general manager assistant of a boutique store of WFJ Store in Beijing (then known as "Beijing Department Store"). Prior to joining WFJ Store, from September 1983 to September 1985, he was an official of the Commerce Bureau of Tongxian County in Beijing. Mr. Du obtained a bachelor degree from Renmin University of China in 1982, and he is a senior economist.

Mr. DU Jianguo (杜建國), aged 49, is currently a director of WFJ International and a director and chief financial officer of WFJ Store. Mr. Du has approximately 32 years of experience in the management of department stores in the PRC. Prior to becoming the director and chief financial officer of WFJ Store in August 2008, Mr. Du held various senior positions within WFJ Store. From June 2007 to July 2008, he had been the director, deputy chief accountant and financial department director of WFJ Store; from 2000 to June 2007, he was the deputy chief accountant and financial department director of WFJ Store; from 1998 to 2000, he was the financial department director of WFJ Store; from August 1992 to 1998, he had been the vice director and executive vice director of financial department of WFJ Store. From January 1990 to August 1992, he was the accounting department director of clothing purchase and supply department of WFJ Store in Beijing (then known as "Beijing Department Store"). Prior to joining WFJ Store, from April 1986 to December 1989, he was the vice director of the financial department of Beijing Clothing Company and director of the accounting department of Beijing Clothing Purchase and Supply Department; from September 1981 to April 1986, he was the chief accountant of accounting department of Beijing Clothing Purchase and Supply Department. Mr. Du obtained two MBA degrees from City University of Macau (then known as "Asia International Open University (Macau)") in 2002 and Hong Kong Baptist University in 2011, and he is a senior accountant.

Any further 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.

8. COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING OF THE COMPANY

The Offeror intends to exercise the right under section 88 of the 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 received acceptances of the Share Offer and purchases (in each case of the Shares subject to the Share Offer) made by the Offeror and parties acting in concert with it total 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.

WARNING: If the level of acceptances reach the level prescribed under the Companies Law, and Rule 2.11 of the Takeovers Code permits a compulsory acquisition and the Offeror proceeds with the privatisation of the Company, dealings in the securities of the Company will be suspended from the close of the Offers up to the withdrawal of the Company's securities from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

9. MAINTAINING THE LISTING STATUS 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 issued 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 will consider exercising its discretion to suspend dealings in the Shares. In this connection, it should be noted that upon the completion of the Offers, 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.

10. FURTHER TERMS OF THE OFFERS

10.1 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/or other distributions declared, paid or made, if any, on or after Completion (provided that if the record date for determining any accepting Shareholder's entitlement to dividends falls between the date of 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 third party rights, liens, claims, charges, equities and encumbrances.

10.2 The Option Offer

As at the Latest Practicable Date, the Company has 38,966,600 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).

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 is 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.

10.3 Hong Kong stamp duty

Seller's ad valorem stamp duty arising in connection with acceptances of the Share Offer will be payable by each accepting Shareholder at the rate of HK$1.00 per HK$1,000 (or part thereof) of the market value of the shares or consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer (whichever is higher) 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.

10.4 Settlement of the consideration for the Offers

Payment in cash in respect of acceptances of the Offers will be made as soon as possible but in any event within seven Business Days of the later of the date on which the Offers become or are declared unconditional and the receipt of all the relevant documents by the Registrar to render such acceptance complete and valid.

10.5 Overseas Shareholders and Overseas Optionholders

The making of the Offers to Overseas Shareholders and Overseas Optionholders may be affected by the laws and regulations of the relevant jurisdictions. Such persons (including, without limitation, custodians, nominees and trustees) 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 Overseas 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.

Further terms of the Offers, including, among others, procedures for acceptance and settlement, the acceptance period and taxation matters are set out in Appendix I to the Composite Document and in the Form(s) of Acceptance.

11. TAX IMPLICATIONS

None of the Company, the Offeror, Somerley, the Registrar or any of their respective directors or any other parties involved in the Offers is in a position to advise the Independent Shareholders and the Optionholders on their individual tax implications. The Independent Shareholders and the Optionholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting the Offers. **It is emphasized that none of the Company, the Offeror, the respective professional advisers to the Company and the Offeror or any of their respective directors or any other parties involved in the Offers accepts any responsibility for any tax effect on, or liabilities of, the Independent Shareholders and the Optionholders as a result of their acceptance of the Offers or otherwise.**

12. GENERAL

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Shares whose investments are registered in nominee names to accept the Share Offer, it is essential that they provide instructions of their intentions with regard to the Offers to their nominees.

All documents and remittances to the Independent Shareholders and the Optionholders will be sent to them by ordinary post at their own risk to their addresses as they appear in the register of members of the Company (in the case of the Share Offer) or the records of the Company (in the case of the Option Offer) or, in the case of joint Independent Shareholders, to the Independent Shareholder whose name appears first in the register of members of the Company, as applicable. None of the Offeror, WFJ International, Somerley nor any of their respective directors or any other person involved in the Offers will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

13. ADDITIONAL INFORMATION

Your attention is drawn to the accompanying Form(s) of Acceptance and the additional information set out in the appendices which form part of the Composite Document. Your attention is also drawn to the "Letter from the Board", the "Letter from the Independent Board Committee" and the "Letter from Anglo Chinese Corporate Finance, Limited" as set out in the Composite Document.

Yours faithfully
for and on behalf of
SOMERLEY LIMITED
M. N. Sabine
Chairman

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)

Executive Directors:
Alfred Chan
Edward Tan
Xiang Qiang

Independent Non-executive Directors:
Randolph Yu
Ainsley Tai
Li Chang Qing

Registered Office:
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

Principal place of business in Hong Kong:
Suite 3310–11
Tower One, Times Square
1 Matheson Street
Causeway Bay

2 July 2013

To the Independent Shareholders and Optionholders

Dear Sir or Madam,

COMPOSITE DOCUMENT RELATING TO 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

1. INTRODUCTION

On 31 January 2013, the Company and the Offeror jointly announced that the Company was informed by Bluestone and PGL 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.

* *for identification purposes only*

Pursuant to the Bluestone Sale Agreement, Bluestone had conditionally agreed to sell, and the Offeror had 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 had conditionally agreed to sell, and the Offeror had 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 represented approximately 39.53% of the entire issued share capital of the Company as at the date of the Joint Announcement. Completion of the Sale Agreements was conditional upon the satisfaction or waiver of the Conditions.

It was further announced that pursuant to Rule 26.1 of the Takeovers Code, upon Completion, 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.

On 21 June 2013, the Offeror and the Company jointly announced that the Conditions set out in paragraphs (a), (b) and (d) of the section headed "Conditions of the Bluestone Sale Agreement" of the Joint Announcement were satisfied or waived, and that the Conditions set out in paragraphs (c), (e) and (f) are expected to be satisfied or waived at Completion. On 28 June 2013, the Offeror and the Company jointly announced that Completion took place on 28 June 2013. As at the Latest Practicable Date, and following Completion, the Offeror and parties acting in concert with it hold 1,664,139,851 Shares, representing approximately 39.53% of the issued share capital of the Company. As a result of Completion, Somerley is now making the Offers on behalf of the Offeror.

This letter sets out, among other things, details of the terms of the Offers, information on the Offeror and the intention of the Offeror regarding the Group. Further details of the terms of the Offers are set out in Appendix I to the Composite Document of which this letter forms part, and in the accompanying Form(s) of Acceptance. Terms used in this letter shall have the same meaning as those defined in the Composite Document unless the context otherwise requires.

The Independent Shareholders and the Optionholders are strongly advised to consider carefully the information contained in the "Letter from Somerley", the "Letter from the Independent Board Committee" and the "Letter from Anglo Chinese Corporate Finance, Limited" as set out in the Composite Document.

2. THE OFFERS

2.1 Consideration

Somerley is making, for and on behalf of the Offeror, the Offers on the following terms in accordance with Rule 26.1 and Rule 13 of the Takeovers Code:

The Share Offer

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

The Share Offer Price is 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 is 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 is a nominal value of HK$0.001 per Option.

As at the Latest Practicable Date, there were 4,210,300,000 Shares in issue and 38,966,600 outstanding Options under the Share Option Scheme. Save as disclosed above, as at the Latest Practicable Date, there were no other outstanding options, warrants, derivatives or convertible securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

2.2 Comparisons of value

The Share Offer Price represents:

(a) a premium of approximately 0.84% over the closing price of HK$1.19 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(b) 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;

(c) 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;

(d) 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;

(e) a premium of approximately 60.00%, 84.62%, 93.55% and 90.48% over the average closing price of approximately HK$0.75, HK$0.65, HK$0.62 and HK$0.63 per Share as quoted on the Stock Exchange for the last 5, 30, 60 and 90 trading days immediately prior to and including the Relevant Trading Day; and

(f) a premium of approximately 69.01% over the audited consolidated net asset value of the Group attributable to Shareholders per Share as at 31 December 2012 of approximately RMB0.58 (equivalent to approximately HK$0.71).

Please also refer to the paragraph headed "Market Prices" in Appendix IV to this Composite Document for further information on the market prices of the Shares.

2.3 Highest and lowest trading prices

The highest and lowest closing prices of Shares as quoted on the Stock Exchange during the period of six months preceding the commencement of the offer period and ending on the Latest Practicable Date were HK$1.20 and HK$0.53 respectively.

3. INFORMATION ON THE GROUP

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 Latest Practicable Date, the Group operates or provides management consultancy services to 16 department stores and 3 outlet malls in Beijing and 6 provinces in the PRC.

The Group issued the Bonds on 2 February 2011. The Bonds are redeemable at the option of the bondholders no later than 30 days 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 Latest Practicable Date, the principal outstanding amount of the Bonds is RMB736,000,000.

The Group reported an audited net profit before and after taxation of approximately RMB304,566,000 and RMB186,970,000 respectively for the financial year ended 31 December 2012. For the financial year ended 31 December 2011, the Group reported an audited net profit before and after taxation of approximately RMB466,051,000 and RMB331,897,000 respectively.

4. 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.

The IBC has been established to consider and make recommendations to the Independent Shareholders and Optionholders on the terms of the Offers. Mr. Li Chang Qing, Mr. Ainsley Tai and Mr. Randolph Yu, being all the independent non-executive Directors, have been appointed as members of the IBC. Anglo Chinese Corporate Finance, Limited has been appointed as the IFA to advise the IBC in respect of the Offers.

5. SHAREHOLDING STRUCTURE

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 Latest Practicable Date):

	Before Completion		Upon Completion	
Name of Shareholders	**Number of Shares held**	**Approximate % of Shares in issue** (rounded to 3 decimal places)	**Number of Shares held**	**Approximate % of Shares in issue** (rounded to 3 decimal places)
The Offeror and its concert parties	—	—	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	2,538,590,081	60.295%	2,538,590,081	60.295%
Total Shares in issue	4,210,300,000	100.00%	4,210,300,000	100.00%

6. INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed "Information on the Offeror" in the "Letter from Somerley" as set out on page 14 of the Composite Document.

7. REASONS AND BENEFITS OF THE OFFERS

Your attention is drawn to the section headed "Reasons and benefits of the Offers" in the "Letter from Somerley" as set out on pages 15 and 16 of the Composite Document.

8. OFFEROR'S INTENTION IN RELATION TO THE GROUP

Your attention is drawn to the section headed "Offeror's intention in relation to the Group" in the "Letter from Somerley" as set out on page 16 of the Composite Document. The Board is aware of the intentions of the Offeror in respect of the Company and is willing to render reasonable co-operation with the Offeror which is in the interests of the Company and the Shareholders as a whole.

9. COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING OF THE COMPANY

The Board notes that the Offeror intends to exercise the right under section 88 of the 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.

WARNING: If the level of acceptances reach the level prescribed under the Companies Law, and Rule 2.11 of the Takeovers Code permits a compulsory acquisition and the Offeror proceeds with the privatisation of the Company, dealings in the securities of the Company will be suspended from the close of the Offers up to the withdrawal of the Company's securities from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

10. MAINTAINING THE LISTING STATUS 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 issued 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 will consider exercising its discretion to suspend dealings in the Shares. In this connection, it should be noted that upon the completion of the Offers, 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.

11. RECOMMENDATION AND ADDITIONAL INFORMATION

Your attention is drawn to the recommendations of the IBC in respect of the Offers as set out in the "Letter from the Independent Board Committee" and the "Letter from Anglo Chinese Corporate Finance, Limited", which contains the advice of the IFA to the Independent Shareholders and Optionholders as to whether the Offers are fair and reasonable and the principal factors and reasons it has considered in arriving at its advice.

You are also advised to read the "Letter from Somerley", the Appendices to the Composite Document and the Form(s) of Acceptances in respect of the terms and acceptance and settlement procedures of the Offers.

Independent Shareholders and Optionholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting the Offers.

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

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)

2 July 2013

To the Independent Shareholders and Optionholders

Dear Sir or Madam,

**COMPOSITE DOCUMENT RELATING TO
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**

We refer to the composite offer and response document dated 2 July 2013 issued jointly by the Offeror and the Company (the "**Composite Document**"), of which this letter forms part. Unless the context otherwise requires, terms defined in the Composite Document shall have the same meanings when used in this letter.

We have been appointed by the Board to form the IBC to consider and advise the Independent Shareholders and the Optionholders as to whether or not the terms of the Offers are fair and reasonable and to make a recommendation as to acceptance of the Offers. Anglo Chinese Corporate Finance, Limited has been appointed as the IFA.

We wish to draw your attention to the "Letter from the Board", the "Letter from Somerley" and the "Letter from Anglo Chinese Corporate Finance, Limited" set out in the Composite Document which contains, among other things, the advice and recommendations provided by the IFA to us regarding the terms of the Offers and the principal factors and reasons taken into consideration for its advice and recommendations.

* *for identification purposes only*

Having considered the terms of the Offers, taking into account the information contained elsewhere in the Composite Document and the advice of the IFA:

(a) we are of the opinion that the terms of the Share Offer are fair and reasonable so far as the Independent Shareholders are concerned and, accordingly, we recommend the Independent Shareholders to accept the Share Offer; and

(b) we are of the opinion that the terms of the Option Offer are fair and reasonable so far as the Optionholders are concerned and, accordingly, we recommend the Optionholders to accept the Option Offer.

We concur with the IFA that notwithstanding not having seen the Bluestone Sale Agreement if Independent Shareholders and Optionholders have the same level of confidence in the Company and its Share price as the Offeror, and given the holding of Shares held by Golden Eagle, notwithstanding that a disposal of two million Shares was reported on 16 May 2013, Independent Shareholders and Optionholders may choose to hold their Shares or Options in view of the much higher price which the Shares once commanded in the past and the relative underperformance in the recovery in the price of Shares to date when measured against the recovery generally in prices of shares of listed companies in Hong Kong and Mainland China since the Shares were first listed in December 2009.

Yours faithfully,
For and on behalf of the Independent Board Committee of
PCD Stores (Group) Limited

Mr. Li Chang Qing **Mr. Ainsley Tai** **Mr. Randolph Yu**
Independent non-executive Directors

Set out below is the full text of the letter of advice from Anglo Chinese Corporate Finance, Limited to the Independent Board Committee in respect of the Offers prepared for inclusion in this Composite Document.

ANGLO CHINESE
CORPORATE FINANCE, LIMITED
www.anglochinesegroup.com
40th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong
英高財務顧問有限公司

The Independent Board Committee
PCD Stores (Group) Limited
Room 3310–11, Tower One
Times Square, 1 Matheson Street
Causeway Bay, Hong Kong

Dear Sirs,

**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**

INTRODUCTION

We refer to our appointment as the independent financial adviser to the IBC in relation to the Share Offer and the Option Offer (together, the "Offers"). Details of the Offers are contained in the Composite Document from the Offeror and the Company dated 2nd July, 2013 of which this letter forms a part. Expressions used in this letter have the same meanings as defined in the Composite Document, unless the context requires otherwise.

The IBC comprising all three independent non-executive Directors who are Messrs. Randolph Yu, Ainsley Tai and Li Chang Qing has been formed to consider the terms of the Offers and advise the Independent Shareholders and the Optionholders in respect of them.

Anglo Chinese has been appointed by the Company to advise the IBC in respect of the Offers, and our appointment has been approved by the IBC. In formulating our advice and recommendation, we have assumed that the information and representations contained in or referred to in the Composite Document were true and accurate at the time they were made and we have relied on the Directors to ensure that the information in and the content of the Composite Document is true and accurate in all respects and may be relied upon and continue to be relied upon as at the date of the dispatch of the Composite Document. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided by the Directors for the Composite Document and the Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in it and have confirmed, having made all reasonable enquiries that to the best of their knowledge there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading. We have not conducted an independent investigation into the affairs of the Group or verified any of the information that we have considered or that has been provided to us.

We consider that we have reviewed sufficient information to reach an informed view on the Offers and to justify our reliance on the accuracy of the information contained in the Composite Document and to provide a reasonable basis for our advice and recommendation.

Apart from normal professional fees for our services to the Company in connection with this appointment, no arrangement exists whereby Anglo Chinese will receive any benefits from the Group or any of its associates.

PRINCIPAL FACTORS

We have set out below the principal factors that we have taken into account in arriving at our advice to the IBC.

Background

The Group, is headquartered in Xiamen, in the PRC, and is engaged in the development, ownership, operation and management in Beijing and in six provinces in the PRC of a network of 16 department stores and three outlet malls, offering a range of luxury and high-end products as described below in the section headed ''The nature of the Group's business''.

The Group was founded in 1989 when brothers Mr. Alfred Chan and Mr. Edward Tan, ultimately the vendors of the Sale Shares acquired PORTS, a high end fashion label and retail apparel business that was established in the 1960's in Toronto, Canada and expanded the business into the PRC from 1993. The Company was incorporated in 2007 and is an investment holding company incorporated with limited liability in the Cayman Islands. The Shares became publicly traded on the Stock Exchange on 15th December, 2009 and prior to the Share Offer, the Company was controlled by Mr. Alfred Chan and Mr. Edward Tan, jointly and indirectly through Bluestone in terms of the Takeovers Code. The Company had a stock market capitalisation of approximately HK$5,010 million as at the Latest Practicable Date.

The Company announced on 31st January, 2013 that it had been informed by two of its Shareholders, Bluestone and PGL that, on 24th January, 2013, the Offeror entered into the Bluestone Sale Agreement with Bluestone and WFJ International and the PGL Sale Agreement with PGL. As at 31st January, 2013, Bluestone was a controlling shareholder of the Company, and held 1,594,139,851 Shares in the Company, and PGL held 77,570,068 Shares in the Company representing 37.86 per cent and 1.84 per cent, respectively of the issued shares in the capital of the Company.

Under the Bluestone Sale Agreement, Bluestone has conditionally agreed to sell to the Offeror and the Offeror has conditionally agreed to purchase a total of 1,594,139,851 Shares at a price of HK$1.20 per Share, for a total consideration of HK$1,912,967,821.20. Under the PGL Sale Agreement, PGL has conditionally agreed to sell to the Offeror and the Offeror has conditionally agreed to purchase 70,000,000 Shares at a price of HK$1.20 per Share, for a total consideration of HK$84,000,000. The Sale Shares represent approximately 39.53 per cent of the issued share capital of the Company as at the date of the announcement on 31st January, 2013 and the Latest Practicable Date.

The making of the Offers by Somerley for and on behalf of the Offeror is subject to the pre-condition that Completion occurs. Completion of the acquisition of the Sale Shares under the Sale Agreements is subject to, or where applicable, a waiver of, the conditions described in the sections headed "Conditions of the Bluestone Sale Agreement and "Conditions of the PGL Sale Agreement" of the Joint Announcement. The Company announced on 21st June, 2013 that the conditions to which the Sale Agreements are subjected to have all been fulfilled or waived and Completion took place on 28th June, 2013. Upon Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it owned a total of 1,664,139,851 Shares, representing approximately 39.53 per cent of the issued shares in the capital of the Company.

It should be noted by Independent Shareholders and Optionholders that in terms of the Bluestone Sale Agreement and the Takeovers Code, the Offeror has become the controlling shareholder of the Company following Completion whether the Offers are declared unconditional in accordance with their terms or lapse as illustrated below.

The Offeror is wholly owned by WFJ International that in turn is ultimately controlled by WFJ Dongan, that is ultimately owned by Beijing SASAC which supervises and administrates PRC State-owned assets invested in enterprises by the People's Government of Beijing Municipality in the PRC. This group of companies is a leading owner of WFJ Store, an operator of department stores with a national network in the PRC comprising 27 stores in 19 cities as at the end of 2012 with two more opening in 2013. WFJ Store recorded total revenue of approximately RMB18,264.37 million for the year ended 31st December, 2012 and net profit attributable to shareholders of approximately RMB673.29 million for the same period and shares in WFJ Store are listed on the Shanghai Stock Exchange with a market value of RMB7,455 million as at the Latest Practicable Date. Other than its holding in the Offeror and WFJ Store, WFJ International does not conduct any other business or hold any other material investments.

In formulating our advice and recommendation in respect of the Offers we have reviewed and considered, amongst other things, the prospectus for the Global Offering made by the Company in December, 2009, the nature and make up of the Group's business, the terms of the Offers, the number of Shares and Share Options held by the Offeror and parties acting in concert with it before and after the Offers, the value of the Offers when compared to the prices of Shares prior to the Offers having been made, the financial condition of the Company and the Group, as evidenced by the audited financial statements for the three years ended 31st December, 2012, 2011 and 2010 and the published unaudited interim reports for the six months ended 30th June, 2012, 2011 and 2010 and management accounts of the Group for the four months ended 30th April, 2013. We have also discussed the prospects for the Group with its management. We have considered property valuations from DTZ Debenham Tie Leung Limited dated 10th June, 2013, conditions prevailing in the Hong Kong and other Stock Markets and valuations prevailing for companies in the Hong Kong and other Stock Markets, which we consider are comparable to some degree, premia paid if any in other offers and offers generally in Hong Kong in recent years and other factors that we believe Independent Shareholders and Optionholders should consider in accepting the Offers.

In considering the financial condition of the Group and the recent financial performance of the Group, we have had regard for earnings before interest, tax, depreciation and amortisation ("EBITDA"), enterprise value, earnings, dividends and net asset value and for the future prospects of the Group.

We have also noted that on 2nd February, 2011, the Group issued Bonds with a term of three years. The Bonds are redeemable at the option of the bondholders at any time following the occurrence of a change of the Company's controlling party. Controlling party is defined as any person holding 30 per cent 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.

Importantly, Independent Shareholders and Optionsholders should note that upon Completion, there will be a change in the controlling party of the Company and the Bonds will become immediately redeemable at the option of the bondholder. Therefore, the Bonds have been classified as current liabilities in the books of account of the Company and the Group as at 31st December, 2012. Should the bondholders elect to redeem the Bonds, the Company plans to redeem them from internal cash resources or bank facilities.

We have not considered the consequences for taxation for any Independent Shareholders or Optionholders who elect to accept the Offers because this will depend upon each person's individual circumstances and Independent Shareholders and Optionholders are therefore recommended to consult their own professional advisers if Independent Shareholders or Optionholders are in doubt about any taxation for them arising from accepting the Offer

THE OFFERS

Following Completion and in accordance with Rule 26.1 and Rule 13 of the Takeovers Code, Somerley is making the Offers set out in the Composite Document for and on behalf of the Offeror on the following principal terms.

The Share Offer

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

The Share Offer Price is the same as the price per Sale Share paid by the Offeror under the Sale Agreements.

Under the terms of the Share Offer, the Shares will be acquired 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 of Completion and the date on which the relevant Shares of such a Shareholder accepting the Offer are transferred to the Offeror, the total consideration payable to such an accepting Shareholder for those Shares will be reduced by the total amount of dividends payable on such Shares); and acquired free from all rights of pre-emption, options, liens, claims, equities, charges, encumbrances and third party rights.

The Share Offer is conditional upon the Offeror having received valid acceptances in respect of the Shares that, together with the Sale Shares, will result in the Offeror and any person acting in concert with it holding more than 50 per cent of the Shares and where permitted such acceptances not having been withdrawn at or before 4:00 p.m. on the First Closing Date or such other time as the Offeror may, subject to the Takeovers Code, decide. If this condition is not satisfied on or before the First Closing Date, the Offers will lapse unless the offer period is extended by the Offeror.

On the basis of the Share Offer Price payable in cash of HK$1.20 per Share, the entire issued share capital of 4,210,300,000 Shares as at the Latest Practicable Date was valued at HK$5,052.36 million.

The Option Offer

HK$0.001 in cash . . . . for each Option accepted under the Option Offer

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

As at the Latest Practicable Date, the Company had 38,966,600 outstanding Options under the Share Option Scheme, carrying the right to subscribe for 38,966,600 Shares at HK$2.36 per Share at any time before the close of the Offers, after which the Options will lapse automatically to the extent they are not exercised.

In accordance with Rule 13 of the Takeovers Code, Somerley on behalf of the Offeror has made an appropriate cash offer to the Optionholders to cancel their Options. The consideration for the cancellation of each Option will be a "see-through" price calculated by reference to the Share Offer Price. Since the exercise price of all the Options is above the Share Offer Price, the "see-through" price is zero and the Option Offer Price is 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.

Save for the Options, as at the Latest Practicable Date the Company did not have any outstanding convertible securities, warrants, options or derivatives in respect of any Shares.

On the basis of the Option Offer Price of HK$0.001 per Option and assuming none of the outstanding Options are exercised prior to the close of the Offers, the Option Offer is valued at approximately HK$38,966.60.

Financial Implications of the Offers for the Company

On the basis of the Share Offer Price and the Option Offer Price, the aggregate cash consideration payable under the Offers, assuming full acceptance of them, will be HK$3,055,431,145.40 and this has no financial implications for or effect on the Company or the Group since the resulting consideration will be paid by the Offeror to accepting Shareholders and accepting Optionholders.

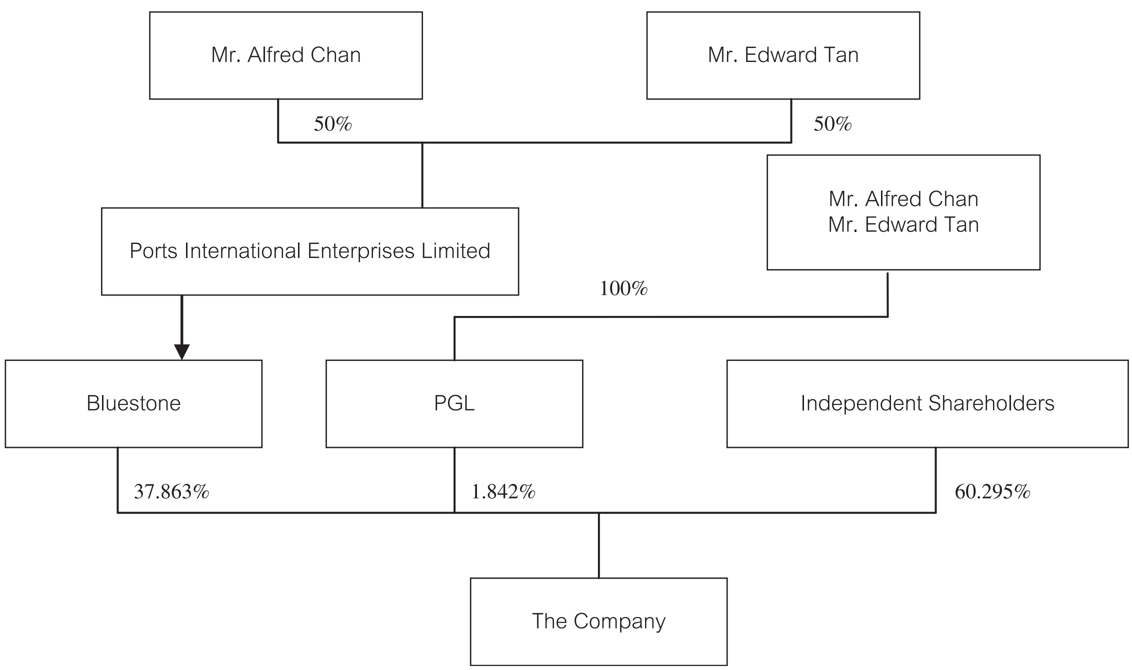
Summary of Shares and Options held

Existing Shares in issue as at the Latest Practicable Date	4,210,300,000
Existing Shares in issue held by Independent Shareholders subject to the Share Offer	2,546,160,149
Options held by Optionholders subject to the Option Offer	38,966,600
Maximum number of Shares falling to be issued from the exercise of Options held by Optionholders subject to the Option Offer	38,966,600

Shareholding structure of the Company

Table 1 and Table 2 below show the shareholding structure of the Company immediately before and after Completion:

Table 1 — Immediately before Completion

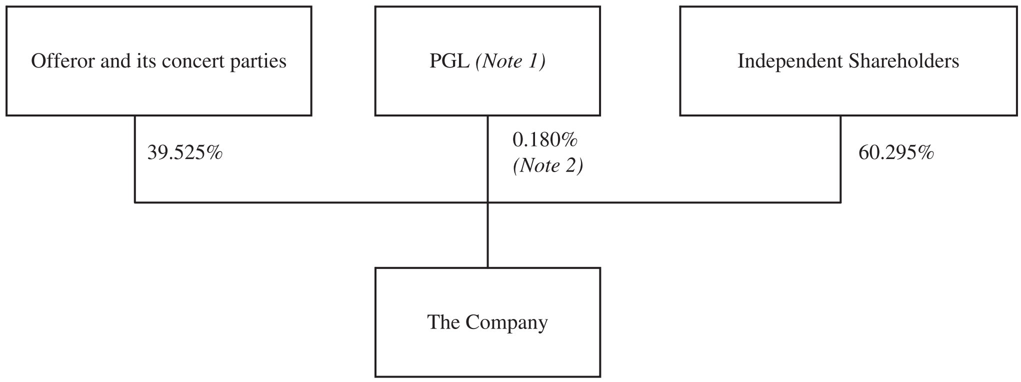


Notes:

1. Mr. Alfred Chan is the Chairman of the Board, an executive Director and one of the founders of the Group.

2. Mr. Edward Tan is an executive Director and one of the founders of the Group.

Table 2 — Immediately after Completion but before the First Closing Date of the Offers or if the Offers should lapse



Notes:

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

2. As at the Latest Practicable Date, PGL retained 7,570,068 Shares, representing approximately 0.18% of the entire issued share capital of the Company. Such Shares will be subject to the Share Offer.

It is evident that if the condition of the Offers is not met because the Offeror fails to receive valid acceptances in respect of Shares, which together with the Sale Shares comprise more than 50 per cent of the Shares and the Offeror elects to close the Offers in terms of the Takeovers Code, then control of the Company will have passed in terms of the Takeovers Code to the Offeror and its concert parties and the Offeror will not be obliged to acquire any Shares tendered to it under the Share Offer. In such circumstances, the Offeror will not be permitted to make another offer for Shares for 12 months, except with the consent of the Executive.

Total consideration payable, assuming full acceptance of the Share Offer and the Options Offer

The aggregate total cash consideration payable assuming full acceptance of the Share Offer is HK$3,055,392,178.80 in respect of the Share Offer on the basis of 2,546,160,149 Shares not already held by the Offeror and parties acting in concert with it and assuming no Options are exercised and HK$38,966.60 in respect of the Option Offer or HK$3,055,431,145.40 in aggregate.

PRINCIPAL FACTORS TO CONSIDER IN ASSESSING THE MERITS OF THE OFFERS

The nature and make up of the Group's business

The Group is primarily engaged in the following business in the PRC and the business derives substantially all its revenues from department stores and outlet malls located there:

— the core business is made up of a network that comprises 16 department stores and three outlet malls located in Beijing and six provinces in the PRC with plans to expand elsewhere in the PRC where the stores are already in Xiamen, Qingdao, Guiyang, Xi'an, Beijing, Shenyang, Taiyuan, Liupanshui and Zunyi;

— this chain of department stores and outlet malls has been created in the PRC to offer a wide selection of high-end and luxury goods under concessionaire arrangements or via the direct sale of goods, primarily in cosmetics;

— to support the core business, the Group has invested in the development of land and buildings for the development and expansion of the Group's department store and outlet mall network;

— seven department stores are located on self-owned properties and seven department stores are located on leased properties. In addition two department stores are operated under management consultancy agreements. For the outlet malls, one of them in Beijing is located on a self-owned property and two outlet malls are located on leased properties;

— the merchandise in the Group's department stores includes: ladies fashion, men's fashion, jewellery, watches, leather accessories, sportswear and shoes, jeans, kidswear, underwear, cosmetics and household goods and other things;

— the revenue from operating department stores breaks down into commissions from concessionaire sales, the direct sale of goods, being principally cosmetics, management and consultancy income from providing consultancy and advisory services on merchandising, store management and marketing to department store operators and rental income from renting space in department stores and outlet malls as well as from investment properties. Recently a separate line of business has been established as catering service income arising from operating restaurants that are independent from the department store and outlet mall network;

— the vast majority of gross sales proceeds (around 93 per cent) is derived from concessionaire sales that are arrangements under which the Group permits suppliers of branded goods to occupy designated areas in the Group's stores from which to sell their merchandise in return for a commission payable to the Group that is deducted from the gross sales proceeds together with any other charges payable to the Group that then returns the balance to the supplier. This activity equates to around 71 per cent of the Group's aggregate revenue from concessionaire sales and direct sales of goods as reported in the books of account of the Group in the year ended 31st December, 2012;

— over the years, the Group has built up valuable expertise, contacts and a highly experienced management team;

— the Group has diversified its store portfolio as between department stores and the outlet mall business, that offers both international and local branded products at a discounted price;

— in addition to operating department stores, the Group holds a portfolio of investment properties valued at approximately RMB674 million in the books of account of the Group as at 31st December, 2012, that comprises principally retail space that generates rental income and capital appreciation; and

— as stated above, the Group invests in land and buildings for the development and expansion of the Group's department store and outlet mall network to support the core business whether acquired by the Group or developed by it, together with land use rights had a carrying value in the books of account of the Group and at 31st December, 2012 of approximately RMB2,291 million or about 41 per cent of the Group's total assets as at that date.

The make up of the Group's business is set out in Table 3 and Table 4 below.

Table 3 — Revenue breakdown for the three years ended 31st December, 2010, 2011 and 2012

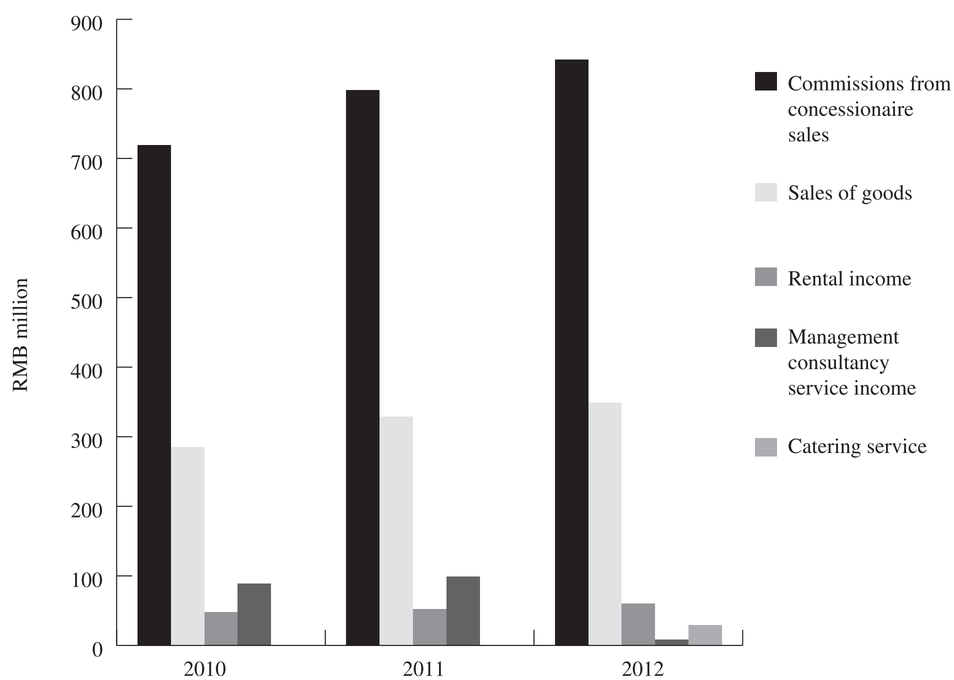


Table 4

RMB millions	2010	2011	2012
Commissions from concessionaire sales	719	798	842
Sales of goods	285	329	349
Rental income	48	52	60
Management consultancy service income	89	99	8
Catering service income	—	—	29

The report and accounts for the Group does not break out revenues, profits, or profitability further by line of business, store or location or by self-owned stores and others. Our analysis of the make-up of the business of comparable companies shown on pages 52 and 53 has found that no such break out is available in other companies in the sector either.

The financial performance of the Group's business

Since a part of the Group's business comprises an investment portfolio and acquiring, developing and owning property as described above, the Group has since 2009 acquired a number of department stores from Mr. Alfred Chan and Mr. Edward Tan and from others. This part of the business is capital intensive. The Group's core business is largely self financing.

The most recent financial performance of the Group has slowed significantly in the year ended 31st December, 2012 as a result of a general slowdown in the economic growth of the PRC. This slowdown took place as the Group continued to expand its business investing in new land rights, opening new stores and employing more people. Notable openings in 2012 were Shenyang Scitech Premium Outlet Mall and PCD Xian Phase II. The result has been a sharp fall in attributable profit to shareholders for the year ended 31st December, 2012 despite a modest increase in total revenue for the Group, extending falling pre-tax profits and falling profits attributable to Shareholders for the year ended 31st December, 2011 since increased employment costs from more people for additional stores and from increased labour cost in the PRC, increased depreciation and amortization costs from investments made in stores or land for future stores and increased operating expenses mainly due to the opening of new stores offset increases in revenues and activity. Management consultancy service income reduced substantially as described below.

Highlights of the recent financial performance of the Group are set out in Table 5 below for the last three financial years ended 31st December and for the years ended 2008 and 2009, that illustrate the slowing of the Group's revenue growth and highlight the fall in the Group's EBITDA margin in 2012.

We have added the results for the year ended 31st December, 2008 and 2009 so that Independent Shareholders and Optionholders can see the effect of increasing expenses and the slowing down of increases in revenue with the slowing pace of the consumer economy in the PRC in 2011 and more sharply in 2012. During the period, the Group acquired the Beijing Scitech Premium Outlet Mall and several more department stores from Mr. Alfred Chan and Mr. Edward Tan and from others.

Management consultancy services income decreased by 92.0% or RMB90.9 million from RMB98.8 million in the year ended 31st December, 2011 to RMB7.9 million in the year ended 31st December, 2012 as a result of the expiration of certain management contracts. Two events principally contributed to the reduction in this category of income. Firstly, the general outlet services agreement with LDP Management Limited was terminated immediately upon the acquisition of Beijing Scitech Premium Outlet Mall in December, 2011. However, the reduction had been more than compensated for by increasing commissions from concessionaire sales from the Beijing Scitech Premium Outlet Mall. Secondly, the Group ceased to provide management services to the operator of PCD Xian Phase I pending the transitional arrangement for its integration with PCD Xian Phase II and hence, no management consultancy services income was received during the year ended 31st December, 2012.

Following the opening of PCD Xian Phase II in the first half of 2012, the Group has assumed the operation of PCD Xian Phase I since 1st January, 2013, which the Company expects to bring additional revenue to the Group for the current year ending 31st December, 2013, according to the Company's 2012 annual report. Other than the acquisition of the Beijing Scitech Premium Outlet Mall in December, 2011 from Mr. Alfred Chan and Mr. Edward Tan, the Group acquired in November, 2011 a 75 per cent equity interest in one of its managed stores known as Guiyang Guochen Fashion Store. This acquisition did not significantly reduce management consultancy service income of the Group during the year ended 31st December, 2012.

Since part of the Group's business is capital intensive, the Group issued the Bonds referred to above in the amount of RMB750 million in February, 2011.

Table 5 — Highlights of the recent financial performance of the Group

	Year ended 31 December				
	2008	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Restated)	*(Restated)*		
		(Note 2)	*(Note 1)*		
Revenue					
Commission income from concessionaire sales	500,751	578,045	719,076	798,156	824,366
Sales of goods	164,482	238,980	284,630	329,295	349,472
Rental income	28,342	39,053	48,108	51,950	60,311
Catering service income	—	—	—	—	29,356
Management consultancy service income	24,256	70,971	88,941	98,850	7,944
Total Revenue	**717,831**	**927,049**	**1,140,755**	**1,278,251**	**1,289,449**
Profit before tax	248,284	354,673	488,578	466,051	304,566
Finance cost	(49,359)	(53,553)	(33,879)	(85,958)	(87,397)
Depreciation and amortisation	(30,457)	(47,636)	(66,007)	(65,445)	(114,137)
EBITDA	**328,100**	**455,862**	**588,464**	**617,454**	**506,100**
EBITDA margin %	*46%*	*49%*	*52%*	*48%*	*39%*
Profit attributable to owners of the Company	**173,815**	**253,439**	**340,710**	**312,759**	**156,335**
Net profit margin	24%	27%	30%	24%	12%
Earnings per share					
Basic (cents)	5.79	8.32	8.07	7.4	3.71
Diluted (cents)	N/A	8.31	8.07	7.4	3.71
Interim dividends after listing (cents)	N/A	Nil	1.5	1.8	1
Final dividends after listing (cents)	N/A	Nil	1.9	1.9	Nil
Gross Sales Proceeds	2,608,222	3,175,200	4,199,000	4,810,500	5,419,400
YoY growth %	*35.57%*	*22%*	*32%*	*15%*	*13%*
Same (self owned) store sales growth	1.23%	–2.85%	16.90%	18.80%	4.50%

Source: *Annual reports of the Company for the relevant years*

Note 1: Restated figures as in 2010 annual report.

Note 2: Restated figures as in 2011 annual report.

Share price performance and the elapse of time since the Share Offer Price was fixed

We have considered the market price of Shares since 15th December, 2009 when the Shares opened at HK$2.2 per Share, and the value of the Offers relative to the past share price performance in that period.

Table 6 — Share price chart since 15th December, 2009 until the Latest Practicable Date

Source: Bloomberg

Highest and lowest prices of the Shares

In the period, the market price of Shares reached a high of HK$3.36 per Share on 7th January, 2010 and a low of HK$0.52 per Share on 31st August, 2012, with respect to the number on Shares in issue then, before recovering sharply along with the Hang Seng Index until the first announcement of this transaction on 7th November, 2012.

The market price of Shares has been below the Share Offer Price since 28th March, 2012 and remains below the Offer Price as at the Latest Practicable Date, having traded below that price since the first Rule 3.7 Announcement on 7th November, 2012, other than on 1st and 4th February, 2013 when the Shares traded above the Share Offer Price and on 5th February, 2013 when the market price of the Shares reached HK$1.20.

Value of the Share Offer

The Share Offer Price of HK$1.20 per Share represents:

i. a premium of approximately 10.09 per cent over the closing price of HK$1.09 per Share as quoted on the Stock Exchange on the Last Trading Day;

ii. a premium of approximately 27.66 per cent over the average closing price of approximately HK$0.94 per Share as quoted on the Stock Exchange over the 56 consecutive trading days between the Relevant Trading Day and the Last Trading Day;

iii. a premium of approximately 53.85 per cent over the closing price of HK$0.78 per Share as quoted on the Stock Exchange on the Relevant Trading Day;

iv. a premium of approximately 60.00 per cent over the average closing price of HK$0.75 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Relevant Trading Day;

v. a premium of approximately 64.38 per cent over the average closing price of HK$0.73 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Relevant Trading Day;

vi. a premium of approximately 84.62 per cent over the average closing price of HK$0.65 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Relevant Trading Day;

vii. a premium of approximately 90.48 per cent over the average closing price of HK$0.63 per Share as quoted on the Stock Exchange for the last 90 consecutive trading days up to and including the Relevant Trading Day;

viii. a premium of approximately 0.84 per cent over the closing price of HK$1.19 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

ix. a premium of approximately 69.01 per cent over the audited consolidated net asset value of the Group attributable to Shareholders as at 31st December, 2012 of approximately RMB0.58 per Share (equivalent to approximately HK$0.71).

As at the Latest Practicable Date, the Company has 4,210,300,000 Shares in issue. The Share Offer for 2,546,160,149 Shares is valued at HK$3,055,392,178.80, based on the Share Offer Price of HK$1.20 per Share and on that basis, the entire issued share capital of the Company is valued at approximately HK$5,052,360,000 million.

Assuming full acceptance of the Share Offer, the cash consideration payable by the Offeror will amount to HK$3,055,392,178.80 assuming no Options are exercised. Assuming full acceptance of the Option Offer, the cash consideration payable by the Offeror for the Option Offer will not exceed HK$38,966.60 in any event. Assuming full acceptance of the Offers no Options are exercised, the total cash consideration payable by the Offeror will amount to no more than HK$3,055,431,145.40.

Somerley is satisfied that sufficient financial resources are available to the Offeror to satisfy payment of the cash consideration on full acceptance of the Offers.

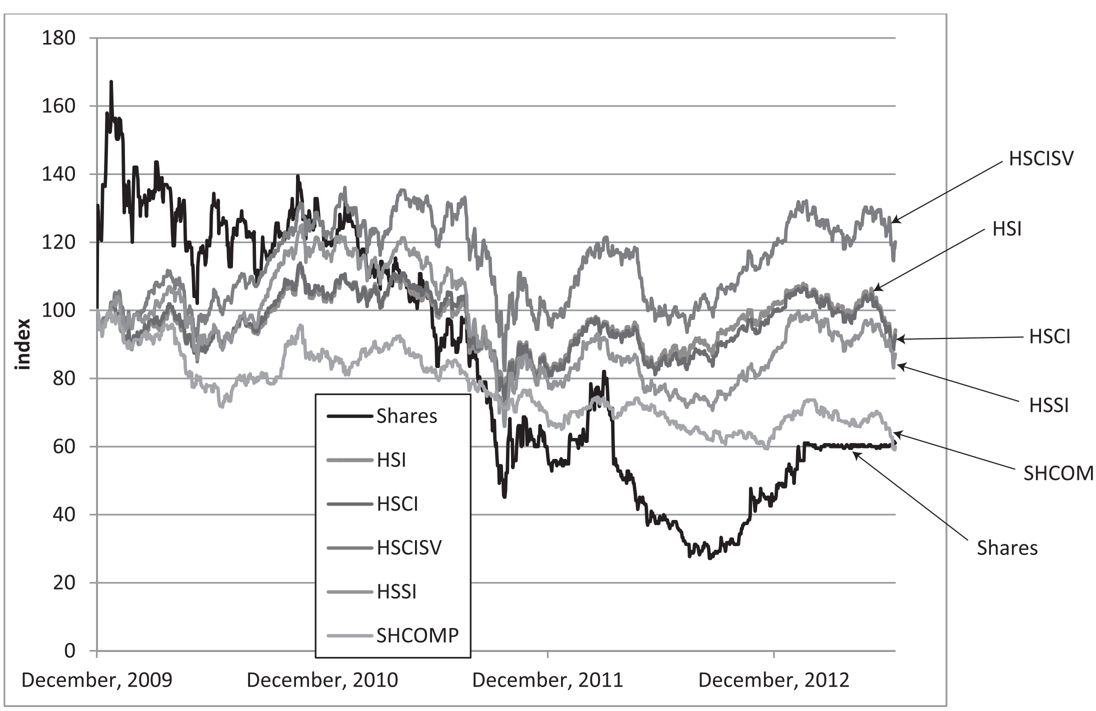
The elapse of time since the preliminary announcement of this transaction on 7th November, 2012 and the setting of the Share Offer Price on 1st February, 2013

Independent Shareholders and Optionholders should note that six months have passed since this transaction was first announced and three months have passed since the Share Offer Price of HK$1.20 per Share was announced and since the Relevant Trading Day the Hang Seng Index has fallen by approximately 5.5 per cent, the HSCISV has risen by approximately 2.9 per cent and the HSSI has risen by approximately 4.3 per cent. We have considered the relevance of this elapse in time in our recommendation.

Share price performance relative to various indices

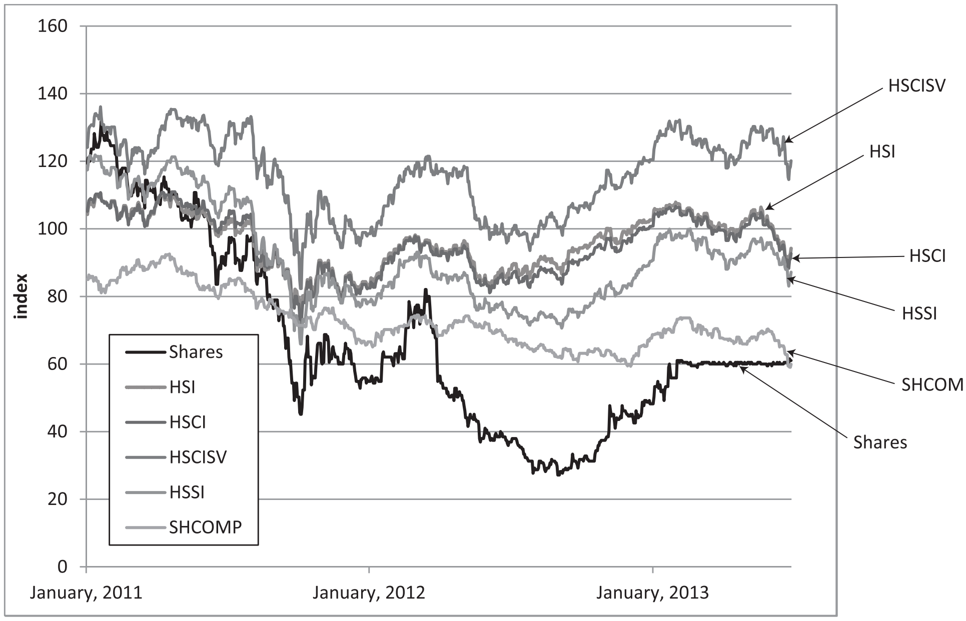
We have considered the performance of Shares since 15th December, 2009 relative to the Hang Seng Index ("HSI"), the Shanghai Composite Index ("SHCOMP"), the Hang Seng Composite Index ("HSCI"), the Hang Seng Composite Services Index ("HSCISV") and the Hang Seng Composite Small Cap Index ("HSSI") over this period. The Share price has underperformed the HSI, SHCOMP HSCI, HSCISV and HSSI since 15th December, 2009, being the first day of trading of the Shares up until the Latest Practicable Date.

Table 7 — Relative share price performance chart from 15th December, 2009 until the Latest Practicable Date (base=100 as at 15th December, 2009)



Source: Bloomberg

Table 8 — Relative share price performance chart from 1st January, 2011 until the Latest Practicable Date (base=100 as at 15th December, 2009

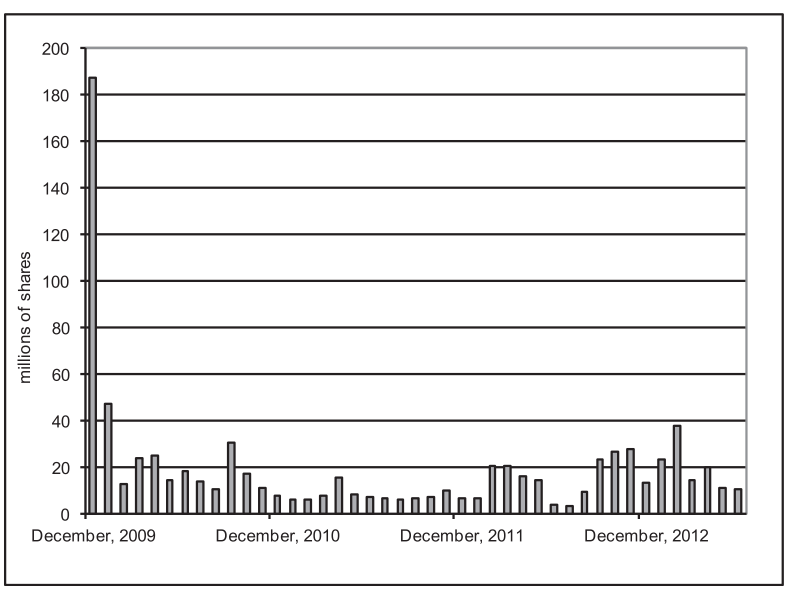


Source: Bloomberg

The liquidity in the Company's Shares

Set out below is Table 9 showing the average daily turnover by number of Shares traded in each month from 15th December, 2009 until the Latest Practicable Date (and pro-rata for November, 2012 and for January, 2013 when trading in Shares was suspended.)

Table 9 — Average daily turnover in Shares in each month since listing on 15th December, 2009



Source: Bloomberg

Table 10 — Average daily trading volume of Shares each month since listing on 15th December, 2009

Month	Shares (million)	Month	Shares (million)	Month	Shares (million)	Month	Shares (million)	Month	Shares (million)
		Jan-10	47	Jan-11	6	Jan-12	7	Jan-13	24
		Feb-10	13	Feb-11	6	Feb-12	20	Feb-13	38
		Mar-10	24	Mar-11	8	Mar-12	21	Mar-13	15
		Apr-10	25	Apr-11	16	Apr-12	16	Apr-13	20
		May-10	15	May-11	9	May-12	15	May-13	11
		Jun-10	19	Jun-11	8	Jun-12	4	Jun-13#	11
		Jul-10	14	Jul-11	7	Jul-12	4		
		Aug-10	11	Aug-11	6	Aug-12	10		
		Sep-10	31	Sep-11	7	Sep-12	23		
		Oct-10	17	Oct-11	8	Oct-12	27		
		Nov-10	12	Nov-11	10	Nov-12	28		
Dec-09*	187	Dec-10	8	Dec-11	7	Dec-12	13		

Source: Bloomberg
* *period is from 15th December, 2009 to 31st December, 2009*
# *period is from 1st June, 2013 to 28th June, 2013*

Table 10 shows notable increases in activity in Shares in October and November, 2012 and in January and February, 2013. The Disclosure of Interest filing published on the website of the Stock Exchange at *www.hkexnews.hk* shows that Golden Eagle International Retail Group Limited ("Golden Eagle") held 215,448,000 Shares, representing 5.12 per cent of the issued share in the Company on 24th October, 2012. Golden Eagle subsequently acquired further Shares in October and December, 2012, and in March, 2013. By 16th May, 2013, Golden Eagle reportedly held 378,848,000 Shares, representing 9.00 per cent of the issued Shares in the Company. Golden Eagle is the controlling shareholder of Golden Eagle Retail Group Limited (stock code: 3308). To the best knowledge and belief of the Company, Golden Eagle and Golden Eagle Group Limited are independent of the Group and the Offeror.

The average daily number of Shares traded made up the following percentages of the average weighted number of Shares in issue and held by the public (being Shareholders other than the Offeror and parties acting in concert with it) in the years ended 31st December, 2010, 31st December, 2011 and 31st December, 2012. Since the date of the Rule 3.7 Announcement, the average daily number of Shares traded has been as follows:

Table 11 — Trading in Shares

	12 months ended 31st December, 2010	12 months ended 31st December, 2011	1st January, 2012 to Relevant Trading Day	Relevant Trading Day to the Latest Practicable Date
Average number of Shares traded per day	19,421,542	8,076,321	14,762,823	19,728,857
As a percentage of average weighted number of Shares in issue	0.5%	0.2%	0.4%	0.5%
As a percentage of Shares held by the public as at 31st December	0.8%	0.3%	0.6%	0.8%

The value of the Group and implied values for Shares based on the financial statements for the three years ended 31st December, 2010, 2011 and 2012.

We have reviewed the consolidated financial statements of the Group for the three years ended 31st December, 2010, 2011 and 2012 and examined the financial condition of the Group and its net asset value per Share, its earnings per Share and its dividend per Share on an audited basis for the three years ended 31st December, 2010, 2011 and 2012.

We believe that companies within the department store sector in the comparable companies we have selected are and should be valued differently depending on their mix of business as between the development and ownership of property for use by department stores and the operation of the department stores themselves.

In our opinion, shares of companies that have a property ownership and store operation business that are to some degree comparable in nature and of a similar size to the Group, should trade at a discount to net asset value per share, such as Wing On Company International, as comparable company valuations in Table 17 below indicate in the section headed "The Hong Kong Stock Market and Companies that we believe are comparable to some degree". The shares of property companies commonly trade at a discount to its net asset value, whereas earnings, cashflows and yield would usually be the basis for valuation of a company which engaged solely in store operation with no property ownership. That said, it should be noted that although the Shares were trading at premium to net asset value as at the Latest Practicable Date, it was trading at discount to net asset value prior to and at the Relevant Trading Day. Other companies that predominately have few property assets as a percentage of total assets, such as Lifestyle International Holdings Limited, and Maoye International Holdings Limited, trade at a multiple of net asset value and are valued on a cash, dividend yield or price earnings basis as the Comparable Companies analysis in Table 17 below shows.

Net asset value

On the basis of the reported carrying values of assets and liabilities in the books of account of the Group, the net asset value attributable to Shareholders per Share was as follows:

31st December, 2010	31st December, 2011	31st December, 2012
RMB0.56 per Share	RMB0.57 per Share	RMB0.58 per Share

Therefore, the Offers are priced at a premium of approximately twice the reported net asset value of the Group per Share, calculated on this basis but in line with the comparable companies such as Golden Eagle Retail Group Limited and Springland International Holdings Limited, selected by us in Table 17 below that have only a modest property content which is a ratio that we regard as reasonable in the circumstances.

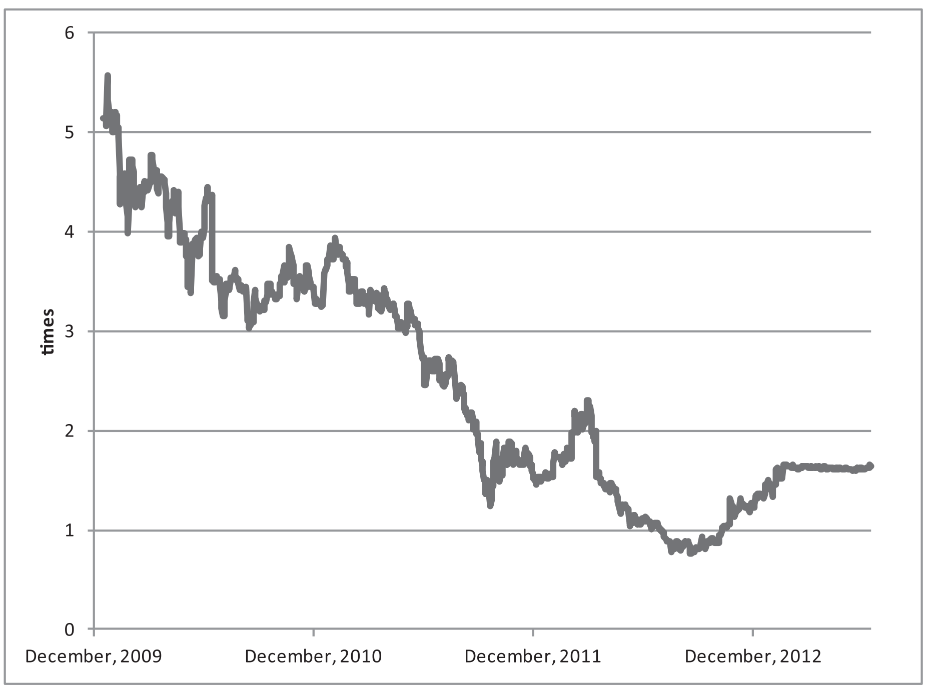
Dividend yield

Dividends paid and declared have been for the year ended:

31st December, 2010	31st December, 2011	31st December, 2012
RMB3.4 cents per Share	RMB3.7 cents per Share	RMB1.0 cents per Share

The dividend for 2012 implies a dividend yield on the Share Offer Price of HK$1.20 per Share of 1.02 per cent in 2012, but had there been a final dividend in the normal manner the overall yield would have been broadly in line with the comparable companies selected by us below at the Share Offer Price.

Table 12 — Share price to book value per share since listing on 15th December, 2009



Source: Bloomberg

The price to book value ratio per Share for the Company has declined substantially in recent years until recently when its property ownership rose.

Earnings and price earnings ratio

Earnings per Share in the last three years ended 31st December have been:

	31st December, 2010	31st December, 2011	31st December, 2012
Basic	RMB8.07 cents	RMB7.40 cents	RMB3.71 cents
Fully diluted	RMB8.07 cents	RMB7.40 cents	RMB3.71 cents

On its own, we do not find the price earnings multiple to be a reliable valuation tool because reported earnings are subject to many variables, which are often not obvious or transparent for investors. However, the earnings of the Group attributable to Shareholders have declined markedly in the year ended 31st December, 2012, to RMB156.3 from RMB312.8 million in the year ended 31st December, 2011 and from RMB340.7 million in the year ended 31st December, 2010.

Details of the Company's share capital are as follows:

	2010	**2011**	**2012**
Number of Shares issued as at 1st January,	4,000,000,000	4,225,000,000	4,225,000,000
Shares issued during the year	225,000,000	—	—
Shares repurchased during the year	—	—	(14,700,000)
Number of issued Shares as at 31st December,	4,225,000,000	4,225,000,000	4,210,300,000

Accordingly, on a fully diluted basis the implied price earnings multiple at the Share Offer Price is approximately 26.3 times, which is high when considered against a price earnings multiple for the HSI constituents of 10.48 times for the year ended 31st December, 2012, but is in line with comparable companies selected by us below.

Enterprise value/EBITDA

As at 31st December, 2010, 2011 and 2012, this ratio has been:

31st December, 2010	**31st December, 2011**	**31st December, 2012**
13.57x	6.13x	7.2x

This ratio is broadly in line with comparable companies set out in Table 17.

Financial condition of the Group

We have considered and reviewed the audited financial statements of the Group for the last three years ended 31st December, 2012 and we have highlighted the fall in EBITDA to approximately RMB506 million having risen to approximately RMB617 million in the year ended 31st December, 2011 following a rise from RMB588 million in 2010 for the reasons set out above. Net profit attributable to Shareholders was RMB156.3 million in the year ended 31st December, 2012, RMB312.8 million in the preceding year and RMB327.1 million in the year ended 31st December, 2010.

The balance sheet of the Group did not expand in the year ended 31st December, 2012. Total assets were approximately RMB5,621 million as against RMB5,635 million in 2011 and RMB5,045 million in 2010. Liquidity tightened since RMB750 million in Bonds issued was reclassified as a current liability following the announcement of the Bluestone Sale Agreement for the reasons stated above so creating negative net current assets of approximately RMB892 million in 2012. Short term investments increased and as at 31st December, 2012 the Group held some RMB173 million in non-principal protected financial products from banks but repayable on demand. All of these financial products were redeemed at their respective maturity dates at their carrying values. These investments are short term investment products purchased by Guiyang Gaumao Chun Tian Real Estate Company Limited, a subsidiary of the Company. The Group continues to make investments in financial products from time to time. Net current assets were also negative in the amount of approximately RMB892 million in 2012 and positive RMB161 million in 2011.

Table 13 set out below illustrates the debt profile and liquidity ratios for the Group, that in our opinion is conservatively geared or leveraged.

Table 13 — the debt profile and liquidity ratios of the Group

Year ended 31st December (RMB '000)	**2010**	**2011**	**2012**
Debt profile			
Gross debt	1,095,735	1,801,840	1,686,020
Net debt	–385,788	90,676	385,321
Net debt to equity (%)	–16.6%	3.80%	15.90%
Total borrowing/Shareholders funds (%)	47.0%	75.2%	69.5%
Interest cover (x)	15.42	6.42	4.48
Liquidity			
Current ratio (x)	0.83	1.08	0.67
Quick ratio (x)	0.81	1.04	0.65

Table 14 shows the Group's reported net gearing as at the end of the last three financial years has been:

31st December, 2010	**31st December, 2011**	**31st December, 2012**
–16.6 per cent	3.8 per cent	15.9 per cent

On the basis of the relationship between reported total equity and reported total liabilities, the Group's financial leverage before contingent liabilities has been:

31st December, 2010	**31st December, 2011**	**31st December, 2012**
1.15x	1.34x	1.29x

Reported significant contingent liabilities have been:

31st December, 2010	**31st December, 2011**	**31st December, 2012**
Nil	Nil	Nil

On the basis of the figures above, we believe the Group is sensibly leveraged but it will have to refinance its outstanding Bond issue in 2014.

Future prospects of the Group and the intentions of the Offeror

The Group is facing the challenges set out above in the description of the make up of the Group's business and the review of its financial performance. The Offeror's intentions with respect to the group have been given in the Composite Document and the Offeror states there that the business of the Group is a good strategic fit with the existing businesses of the WFJ Group and that there will be a continuation of the existing business and that there is a strong commitment to build on the Group's current brand and business model. The Offeror has stated in the Composite Document that it has no plans to make any major disposal or redeployment of the employees of the Group, other than in the ordinary course of business.

The Offeror is the controlling shareholder of WFJ Store which is listed on the Shanghai Stock Exchange (stock code 600859) and operates a leading department store chain with a nationwide network in the PRC. This entity has its headquarters in Beijing and operates 27 department stores in 19 cities in the PRC with two more opened in January, 2013. However, it is not clear how the Offeror and WFJ Store and the Group will interact in future.

A summary of financial information on WFJ Store is set out below

(Figures in RMB)	**2009**	**2010**	**2011**	**2012**
Revenue	11,098,822,706.82	13,946,229,857.41	16,761,089,972.27	18,264,366,744.36
Net profit attributable to shareholders of the listed group	384,332,416.83	376,030,727.48	582,627,320.51	673,286,184.87
Net profit after deducting the extraordinary profit and loss attributable to shareholders of the listed group	354,472,748.07	407,787,010.30	573,728,567.51	663,512,897.14
Net cash flows from operating activities	1,167,846,480.83	1,591,980,673.73	1,672,306,767.85	1,739,383,774.35

The website for WFJ Store is *www.wfj.com.cn*.

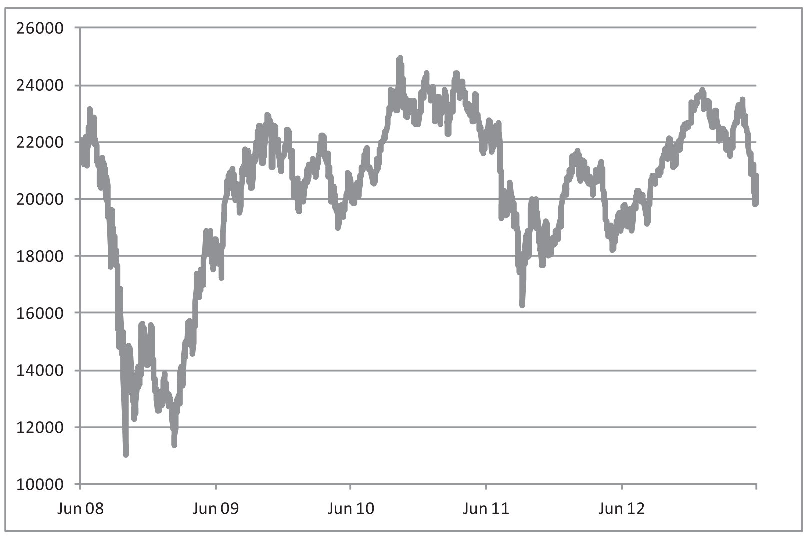
The Offeror has stated that it intends to exercise the right under the "squeeze out" provisions of Section 88 of the Companies Law compulsorily to acquire Shares not acquired by the Offeror under the Share Offer if within four months after the despatch of the Composite Document the Offeror has acquired not less than 90 per cent of the Shares subject to the Share Offer in accordance with Rule 2.11 of the Takeovers Code. After having compulsorily acquired Shares in this manner, the Company would become a wholly owned subsidiary of the Offeror and an application would then be made for the withdrawal of the listing of the Shares from the Stock Exchange under Rule 6.15 of the Listing Rules.

Accordingly, Independent Shareholders and Optionholders should take note of the warning set out on page 18 of the Composite Document in the letter from Somerley, repeated on page 27 of the Composite Document in the letter from the Board and the holding of Shares by Golden Eagle described above.

The Hong Kong Stock Market and Companies that we believe are comparable to some degree

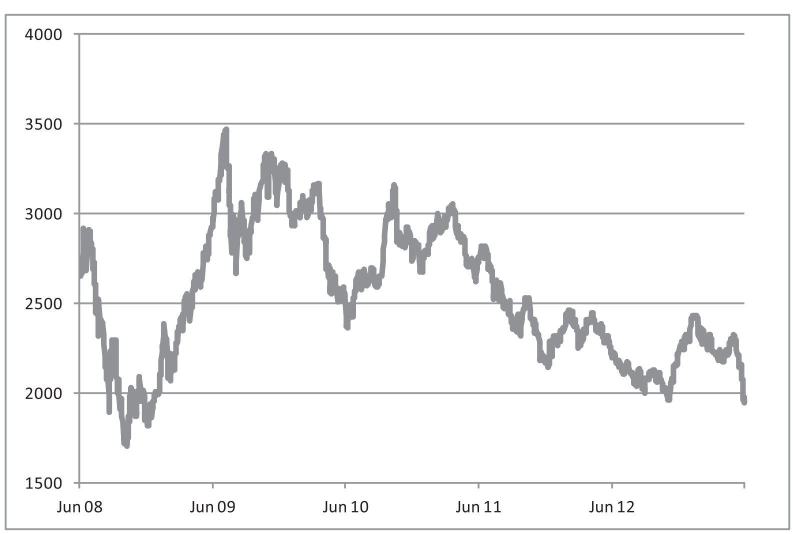
The Hong Kong Stock Market, as measured by the Hang Seng Index in Table 15 below has performed broadly in a range of 21,814 when the Company was listed in December, 2009 Hong Kong to 20,803 as at the Latest Practicable Date and the stock market in Mainland China, as represented by the Shanghai Composite Index in Table 16 below has performed broadly within a range of 3,274 to 1,979 on the Latest Practicable Date and set against these measures, an investment in Shares has been unrewarding having listed at HK$1.95 and standing at HK$1.09 before the Joint Announcement and at HK$1.20 at the Share Offer Price.

Table 15 — Chart of the Hang Seng Index over the last 5 years



Source: Bloomberg

Table 16 — Chart of the Shanghai Composite Index over the last 5 years



Source: Bloomberg

We consider it appropriate and relevant to look in the context of overall performance of the Hong Kong stock market and the PRC stock market with reference to the HSI and Shanghai Composite Index over the last 5 years, on whether or not an investment in the Shares since its listing in 2009 has been rewarding. Note that the comparison is not being made with individual constituent stocks of the indices, but rather the performance of the broader market as shown by the indices.

Set out below in Table 17 is data on companies that we find comparable to some degree by virtue of being in the same sector as the Company and publicly traded in Hong Kong of a comparable size and scope. In selecting these companies we have had regard for size and lines of business and the geography of them but the comparisons can only be comparable to some degree and are not and cannot be exact due to variations in year end dates, different locations of assets or businesses and a different mix of holding structures for assets, different levels of financial leverage and of risks. In our judgement, the companies set out in Table 17 represent an exhaustive list of companies we consider as fair and representative for comparison and are comparable to some degree.

Table 17 — Comparable companies — Department store sector

Stock Code	Companies	Market Cap (HK$m)	P/E trailing 12 months (x)	Price/ EBITDA multiple (x)	Price to book ratio (x)	EV/ EBITDA (x)	Sales (HK$m)	Net income (HK$m)	Dividend yield (%)	ROE (%)
1212-HK	Lifestyle International Holdings Ltd	26,822	12.53x	8.18x	2.81x	8.99x	5,523	2,140	2.94%	22.41%
3308-HK	Golden Eagle Retail Group	19,397	12.97x	9.09x	2.98x	9.30x	4,449	1,495	1.82%	23.00%
1833-HK	Intime Department Store	15,160	12.69x	6.57x	1.70x	7.47x	4,798	1,194	2.72%	13.39%
3368-HK	Parkson Retail Group Ltd	8,993	8.61x	5.17x	1.31x	5.90x	5,584	1,045	4.02%	15.24%
1700-HK	Springland International Holdings Ltd	9,600	12.00x	6.41x	1.66x	6.33x	4,675	800	4.05%	13.83%
848-HK	Maoye International Holdings Ltd	6,321	6.42x	3.00x	0.91x	5.83x	4,351	985	3.42%	14.14%
289-HK	Wing On Co International Ltd	6,319	4.13x	4.76x	0.48x	3.69x	1,868	1,529	4.58%	11.70%
825-HK	New World Department Store China Ltd	6,576	10.79x	6.09x	1.10x	4.02x	3,813	609	4.15%	10.20%
331-HK	**PCD Stores (Group) Ltd** *(Note 1)*	**5,052**	**26.32x**	**8.13x**	**1.70x**	**8.89x**	**1,584**	**192**	**1.05%**	**6.44%**
984-HK	AEON Stores (Hong Kong) Co Ltd	3,952	16.54x	8.53x	2.34x	4.08x	7,377	239	1.50%	14.14%
162-HK	Century Ginwa Retail Holdings Ltd	2,269	5.37x	3.55x	0.53x	5.50x	1,740	423	0.00%	9.87%
312-HK	Shirble Department Stores	923	n/a	76.90x	0.62x	–15.25x	1,685	–56	0.00%	–3.76%
244-HK	Sincere Co	356	15.72x	9.39x	1.24x	11.00x	540	23	0.00%	7.89%
602-HK	Jiahua Stores Holdings	332	3.74x	1.92x	0.56x	0.73x	1,026	89	6.96%	14.91%
	Average	8,005								
	Median	6,320	12.00x	6.49x	1.28x	5.87x	4,082	705	2.83%	13.61%
	Max	26,822	26.32x	76.90x	2.98x	11.00x	7,377	2,140	6.96%	23.00%
	Min	332	3.74x	1.92x	0.48x	–15.25x	540	–56	0.00%	–3.76%

Source: Bloomberg and company financial reports as at the Latest Practicable Date

Note:

1. *The ratios for the Company have been calculated using the offer price of HK$1.20.*

In addition to the comparable companies in Table 17, we have looked for valuation benchmarks from comparable market transactions in the sector in Hong Kong and the PRC but we have not identified a transaction that we find comparable in any useful way.

Premia paid in other offers

We maintain a data base covering premia paid in offers made in the last ten years and we have analysed the premia paid, if any. Given the different reasons for these transactions and the different businesses in which the relevant companies operated, we do not find this information useful in making our recommendation but, in our opinion, the premia offered are not out of line with the premium in the Share Offer Price when it was made.

Based on our past experience and research in the Hong Kong market on the premia offered for control for publicly traded companies measured against prices prevailing before the announcement of an offer, the Share Offer Price is, in our opinion, in line with the average premium paid in the Hong Kong market over an extended period of time and was an appropriate premium when it was announced.

Other matters for Independent Shareholders and Optionholders to consider

Based on filings with the Stock Exchange as at the Latest Practicable Date, Golden Eagle appears to hold around nine per cent of the issued Shares in the company and, whilst it is not impossible for there to be an alternative offer for Shares prior to the First Closing Date we are not aware of any stated intention by Golden Eagle or any one else to make one or to consider making one. Given the existence of the Bluestone Sale Agreement and the level of control which we presume the Offeror and parties acting in concert with it already hold, we believe that the probability of an alternative offer is low.

Accepting Independent Shareholders should note that the 2012 annual report of the Company states that no final dividend will be declared or paid for 2012.

In addition to the various factors discussed in this letter and our conclusions and recommendations, Independent Shareholders and Optionholders should take careful note of the warnings concerning the possibility of compulsory acquisition of Shares in the circumstances outlined in this letter and the Composite Document and of the consequences of the Offers lapsing at the First Closing Date if the 50 per cent condition described above is not met.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions and reasons for our recommendation

Having considered the foregoing, we consider the terms of the Share Offer and the Option Offer fair and reasonable for the following principal reasons:

— the Share Offer Price is at a substantial premium to the carrying value of the Group's assets as reflected by the Group's net asset value per Share attributable to Shareholders of RMB0.58 per Share as at 31st December, 2012, on a fully diluted basis and the Share Offer Price is higher than the market price of Shares prevailing for about eight months prior to the Relevant Trading Day and as at the Latest Practicable Date, having not traded above the Offer Price since then;

— this history suggests to us that notwithstanding a rise in the Hang Seng Index since the Relevant Trading Day, without the Share Offer the Share price would be lower than it was on the Latest Practicable Date in view of the price performance of the Shares since the Relevant Trading Day;

— the premium of the Share Offer Price over market prices prevailing prior to the Relevant Trading Day is fair and reasonable where through the Bluestone Sale Agreement we presume that the Offeror already has effective control of the Company in terms of the Takeovers Code and where no competing offer is reasonably likely to be made;

— in our opinion, the Share Offer Price when it was announced is not out of line with the average premium paid in other offers made in Hong Kong recent years;

— the Share Offer and the Option Offer permit Independent Shareholders to sell all the Shares held by them in a single trade which may not normally be possible otherwise given the low average daily trading volumes in Shares (see Tables 9, 10 and 11), and to do so without having to incur the brokerage fees, transaction levies and trading fees which are customarily payable when disposing of Shares in the open market; and

— in any event, Independent Shareholders and Optionholders should take note that neither the Company nor us have seen the Bluestone Sale Agreement and that the market price of Shares may fall back to levels prior to the Relevant Trading Day, if the Offers lapse and do not become unconditional or, in the alternative, it may be possible that Golden Eagle may yet seek to increase its holding of Shares or make an alternative offer for Shares in terms of the Takeovers Code. In this context, it should be noted that Golden Eagle reportedly sold two million Shares on 16th May, 2013.

Although we consider the Offers to be fair and reasonable, Independent Shareholders who wish to sell all or some of their Shares, should consider selling in the market if such Independent Shareholders believe that the Share price may fall back to the levels seen prior to the Relevant Trading Day, following any lapse of the Offers, when the Offeror has failed to achieve the 50 per cent threshold explained above necessary for the Offers to become unconditional and in the absence of having seen the contents of the Bluestone Sale Agreement.

Recommendation

For the reasons set out above and notwithstanding the elapse of time since the Relevant Trading Day and not having had sight of the Bluestone Sale Agreement but, having considered the terms of the Offers we consider that the terms of the Offers are fair and reasonable so far as the Independent Shareholders and Optionholders are concerned and having considered the factors set out in this letter and the reasons for our conclusions, we advise the Independent Board Committee to recommend that Independent Shareholders approve the Share Offer and the Option Offer and that Independent Shareholders accept the Share Offer; and Optionholders accept the Option Offer.

Notwithstanding not having seen the Bluestone Sale Agreement, if Independent Shareholders and Optionholders have the same level of confidence in the Company and its Share price as the Offeror, and given the holding of Shares held by Golden Eagle, notwithstanding that a disposal of two million Shares was reported on 16th May, 2013. Independent Shareholders and Optionholders may choose to hold their Shares or Options in view of the much higher price which the Shares once commanded in the past and the relative underperformance in the recovery in the price of Shares to date when measured against the recovery generally in prices of shares of listed companies in Hong Kong and Mainland China since the Shares were first listed in December, 2009.

Yours faithfully,
for and on behalf of
Anglo Chinese Corporate Finance, Limited
Christopher J. Howe
Managing Director

1. PROCEDURES FOR ACCEPTANCE

1.1 The Share Offer

(a) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in your name, and you wish to accept the Share Offer, you must send the duly completed and signed **WHITE** Form(s) of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) by post or by hand, to the Registrar, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in any event not later than 4:00 pm on 23 July 2013 or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.

(b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your holding of Shares (whether in full or in part), you must either:

(i) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, and with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the **WHITE** Form(s) of Acceptance duly completed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the **WHITE** Form(s) of Acceptance duly completed and signed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

(iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.

(c) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete and sign the **WHITE** Form(s) of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will constitute an irrevocable authority to the Offeror and/or Somerley or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such Share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such Share certificate(s), subject to the terms and conditions of the Share Offer, as if it was/they were delivered to the Registrar with the **WHITE** Form(s) of Acceptance.

(d) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer in respect of your Shares, the **WHITE** Form(s) of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it is/they are not readily available. If you find such document(s) or if it/they become(s) available, the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title, you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

(e) Acceptance of the Share Offer will be treated as valid only if the duly completed **WHITE** Form(s) of Acceptance that satisfy the acceptance conditions under Note 1 to Rule 30.2 of the Takeovers Code is received by the Registrar on or before the latest time for acceptance of the Share Offer and the Registrar has recorded that the acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:

(i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of you, the person accepting the Share Offer, executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or

(ii) from a registered Shareholder or his personal representatives (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or

(iii) certified by the Registrar or the Stock Exchange.

If the **WHITE** Form(s) of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. a grant of probate or a certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

(f) Seller's ad valorem stamp duty arising in connection with the acceptances of the Share Offer will be payable by each accepting Shareholder at the rate of HK$1.00 for every HK$1,000 (or part thereof) of the market value of the Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer (whichever is the higher), 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.

(g) If the Share Offer is withdrawn or lapses, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the **WHITE** Form(s) of Acceptance to the relevant Shareholder(s).

(h) No acknowledgement of receipt of any **WHITE** Form(s) of Acceptance, Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

1.2 The Option Offer

(a) If you wish to accept the Option Offer, you should complete the **BLUE** Form(s) of Acceptance in accordance with the instructions printed thereon in respect of the number of Options held by you that you wish to tender to the Option Offer, which instructions form part of the terms and conditions of the Option Offer.

(b) The duly completed **BLUE** Form(s) of Acceptance in accordance with the terms of the Option Offer should be forwarded, together with the relevant certificate(s) of the Options stating the number of Options in respect of the Options granted which you intend to accept the Option Offer, by post or by hand as soon as possible and in any event so as to reach the Company at Suite 3310-11, Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong no later than 4:00 pm on 23 July 2013, or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.

(c) If the Option Offer is withdrawn or lapses, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by hand or by ordinary post the certificate(s) of the Options lodged with the **BLUE** Form(s) of Acceptance to the relevant holder(s) of the Options.

(d) No stamp duty will be deducted from the amount paid to Optionholders who accept the Option Offer.

(e) No acknowledgement of receipt of any **BLUE** Form(s) of Acceptance and/or the certificate(s) of the Options will be given.

2. ACCEPTANCE PERIOD AND REVISIONS

(a) In order to be valid, Form(s) of Acceptance for the Offers must be received by the Registrar (in case of the Share Offer) and the Company (in case of the Option Offer) in accordance with the instructions printed thereon by 4:00 pm on 23 July 2013, unless the Offers become or are declared unconditional, or are extended or revised with the consent of the Executive. The Offers are conditional upon the Offeror having received acceptances in respect of the Shares which, together with the Shares already held by it and any party acting in concert with it, will result in the Offeror and any party acting in concert with it holding more than 50% of the Shares. Pursuant to the Takeovers Code, where the Offers are declared unconditional, the Offers will remain open for acceptance for not less than 14 days thereafter. The Offeror will make an announcement as and when the Offers become or are declared unconditional.

(b) If the Offeror revises the terms of the Offers (in accordance with the relevant requirements under the Takeovers Code), all Independent Shareholders and Optionholders, whether or not they have already accepted the Offers, will be entitled to accept the revised Offers under the revised terms.

(c) If the Offers are extended or revised, the announcement of such extension or revision will state the next closing date or, if the Offers have become unconditional as to acceptances, a statement that the Offers will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given before the Offers are closed to the Independent Shareholders and the Optionholders who have not accepted the Offers, and an announcement will be released. The revised Offers must be kept open for at least 14 days thereafter.

(d) If the First Closing Date of the Offers is extended, any reference in this Composite Document and in the Form(s) of Acceptance to the First Closing Date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offers as so extended.

3. ANNOUNCEMENTS

(a) By 6:00 pm on the First Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension, expiry or unconditionality of the Offers. The Offeror must publish an announcement on the Stock Exchange's website by 7:00 pm on the First Closing Date stating whether the Offers have been revised or extended, have expired or have become or been declared unconditional.

(b) The announcement will state the total number of Shares and Options:

(i) for which acceptances of the Offers have been received;

(ii) held, controlled or directed by the Offeror or its concert parties before the offer period; and

(iii) acquired or agreed to be acquired during the offer period by the Offeror or party acting in concert with it.

The announcement must include details of any relevant securities (as defined in the Takeovers Code) in the Company which the Offeror or any parties acting in concert with it has borrowed or lent (save for any borrowed Shares which have been on-lent or sold).

The announcement must also specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers of Shares.

(c) In computing the total number of Shares and Options represented by acceptances, only valid acceptances that are complete, in good order and satisfy the acceptance conditions set out in paragraphs 1.1(e) and 1.2(b) of this Appendix and which have been received by the Registrar (in the case of the Share Offer) or the Company (in the case of the Option Offer) no later than 4.00 pm on 23 July 2013, shall be included.

(d) As required under the Takeovers Code and the Listing Rules, any announcement in relation to the Offers, in respect of which the Executive and the Stock Exchange have confirmed that they have no further comments, will be published on the website of the Stock Exchange (*www.hkex.com.hk*) and the website of the Company (*www.pcds.com.cn*).

4. RIGHT OF WITHDRAWAL

(a) Acceptance of the Offers tendered by the Independent Shareholders and the Optionholders, as the case may be, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in sub- paragraph (b) below or in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of any of the Offers shall be entitled to withdraw his/her/its acceptance within 21 days from the First Closing Date if the Offers have not by then become unconditional as to acceptances. An acceptor of any of the Offers may withdraw his/her/its acceptance by lodging a notice in writing signed by the acceptor (or his/her/its agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar or the Company, as the case may be.

(b) If the Offeror is unable to comply with the requirements set out in the paragraph headed "Announcements" above, the Executive may require that the Independent Shareholders and the Optionholders who have tendered acceptances to the Offers be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

(c) If an accepting Independent Shareholder or Optionholder withdraws his/her/its acceptance, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post and at his/her/its own risk, the relevant Share certificate(s) (in respect of the Share Offer) or the relevant certificate(s) of the Options (in respect of Option Offer) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance to the relevant Independent Shareholders or Optionholders.

5. SETTLEMENT OF THE OFFERS

(a) The Share Offer

Subject to the Share Offer becoming or being declared unconditional and provided that valid **WHITE** Form(s) of Acceptance that satisfy the acceptance conditions under Note 1 to Rule 30.2 of the Takeovers Code and the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and satisfy the acceptance conditions under Note 1 to Rule 30.2 of the Takeovers Code and have been received by the Registrar no later than the latest time for acceptance (or such later time and/or date as the Offeror may announce with the consent of the Executive), a cheque for the amount due to each of the accepting Shareholders less seller's ad valorem stamp duty in respect of the Shares tendered by him under the Share Offer will be despatched to such Shareholder by ordinary post at his own risk as soon as possible but in any event within seven Business Days of the later of the date on which the Share Offer becomes or is declared unconditional and the receipt of all the relevant documents by the Registrar to render such acceptance complete and valid.

Settlement of the consideration to which any accepting Shareholder is entitled under the Share Offer will be implemented in full in accordance with the terms of the Share Offer (save with respect of the payment of seller's ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Shareholder.

(b) The Option Offer

Subject to the Share Offer becoming or being declared unconditional and provided that valid **BLUE** Form(s) of Acceptance is duly completed and signed in accordance with the terms of the Option Offer and the relevant certificate(s) of the Options are complete and in good order in all respects and have been received by the Company before the close of the Option Offer, a cheque for the amount due to each accepting Optionholder in respect of the Options tendered by him under the Option Offer will be despatched to such Optionholder by ordinary post at his own risk as soon as possible but in any event within seven Business Days of the later of the date on which the Option Offer becomes or is declared unconditional and the receipt of all the relevant documents by the Company to render such acceptance complete and valid.

Settlement of the consideration to which any Optionholder is entitled under the Option Offer will be implemented in full in accordance with the terms of the Option Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Optionholder.

6. OVERSEAS SHAREHOLDERS AND OVERSEAS OPTIONHOLDERS

The making of the Offers to Overseas Shareholders and Overseas Optionholders may be affected by the laws and regulations of the relevant jurisdictions. Such persons (including, without limitation, custodians, nominees and trustees) 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 Overseas 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.

7. GENERAL

(a) All communications, notices, Form(s) of Acceptance, Share certificates, certificates of the Options, transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Independent Shareholders and the Optionholders will be delivered by or sent to or from them, or their designated agents, by post at their own risk, and none of the Company, the Offeror, Somerley and any of their respective directors nor the Registrar or other parties involved in the Offers accepts any liability for any loss in postage or any other liabilities that may arise as a result.

(b) The provisions set out in the Form(s) of Acceptance form part of the terms and conditions of the Offers.

(c) The accidental omission to despatch this Composite Document and/or Form(s) of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.

(d) The Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.

(e) Due execution of the Form(s) of Acceptance will constitute an authority to the Offeror, Somerley or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offers and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Shares and/or the Options in respect of which such person or persons has/have accepted the Offers.

(f) Acceptance of the Share Offer by any person will be deemed to constitute a warranty by such person to the Offeror and the Company:

(i) that the Shares tendered for acceptance under the Share Offer are sold by such person free from all third party rights, liens, claims, charges, equities and encumbrances and together with all rights accruing or attaching thereto as at Completion or may at any time thereafter becoming attaching to them including all dividends and/or other distributions declared, paid or made, if any, on or after Completion; and

(ii) that if such Shareholder accepting the Share Offer is an Overseas Shareholder, he has observed the laws of all relevant jurisdictions in connection therewith, obtained all requisite governmental, exchange control or other consents, complied with other necessary formalities or legal requirements and paid any transfer or other taxes due from him, her or it in connection with such acceptance in all relevant jurisdictions, that he, she or it has not taken or omitted to take any action which will, or which may result in the Offeror, Somerley or any other person acting or being in breach of the legal or regulatory requirements of any jurisdiction in connection with the Offers or his or her or its acceptance and he, she or it is permitted under all applicable laws to accept the Share Offer and any revision thereof, and that such acceptance is valid and binding in accordance with all applicable laws.

(g) Acceptance of the Option Offer by the Optionholder will be deemed to constitute a warranty by such Optionholder to the Offeror that the Options tendered for acceptance are free from all third party rights, liens, claims, charges, equities, and encumbrances and together with all rights accruing or attaching thereto as at Completion and that such Optionholder will surrender to the Company all of his existing rights, if any, in respect of the Options.

(h) Acceptance of the Offers by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares or Options in respect of which it is indicated in the Form(s) of Acceptance is the aggregate number of Shares or Options held by such nominee for such beneficial owner who is accepting the Offers.

(i) References to the Offers in this Composite Document and in the Form(s) of Acceptance shall include any extension or revision thereof.

(j) The English text of this Composite Document and the Form(s) of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation.

1. THREE YEAR FINANCIAL SUMMARY

Set out below is a summary of the audited consolidated results of the Group for each of the three financial years ended 31 December 2010, 31 December 2011 and 31 December 2012 extracted from the audited consolidated financial statements of the Group for 2010, 2011 and 2012. The auditors' reports issued by Deloitte Touche Tohmatsu in respect of the Group's audited consolidated financial statements for each of the three financial years ended 31 December 2010, 2011 and 2012 did not contain any qualification.

The summary consolidated income statement for the Group for the year ended 31 December 2012 set out below did not contain any extraordinary items or items which are exceptional because of size, nature or incidence, and for the years ended 31 December 2010 and 2011, there were not any items that are exceptional because of size, nature or incidence except that the Company recorded fair value gain on investment properties of approximately RMB10.2 million for the financial year ended 31 December 2010 and approximately RMB10.4 million for the financial year ended 31 December 2011.

	For the year ended 31 December			
	2012	**2011**	**2010**[1]	**2010**
	RMB million	*RMB million*	*RMB million* (*Restated*)	*RMB million* (*as previously reported*)
Gross sales proceeds	5,419	4,811	4,199	3,639
Revenue	1,289	1,278	1,141	1,084
Profit before tax	305	466	489	482
Income tax charge	(118)	(134)	(128)	(128)
Profit for the year attributable to owners of the Company	156	313	341	335
Profit for the year attributable to non-controlling interests	31	19	20	20
Dividend	42	156	144	144
Dividend per share (RMB cents)	1.0	3.7	3.4	3.4
Basic earnings per share (RMB cents)	3.71	7.40	8.07	7.93
Total earnings	187	332	360	354

Note:

1. the financial statements of the Group have been restated for the financial year ended 31 December 2010 due to the acquisition of Even Time Investments Limited (together with its subsidiaries, collectively referred to as "Even Time Group"), Beijing Chun Tian Real Estate Co., Ltd ("Beijing Chun Tian Real Estate") and Universe River Real Estate (Xiamen) Ltd ("Universe River") from the controlling shareholders of the Company in 2011. Accordingly, such acquisitions have been accounted for as business combinations under common control. The principles of merger accounting for business combination under common control have therefore been applied, pursuant to which the consolidated financial statements of the Group for the financial year ended 31 December 2010 have been restated as if Even Time Group, Beijing Chun Tian Real Estate and Universe River had been subsidiaries of the Group since the beginning of the financial year ended 31 December 2010 (i.e. 1 January 2010). Such restatements were not due to any change in accounting policies and their impact is set out in the table above.

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2012

Set out below are the audited consolidated financial statements of the Group for the year ended 31 December 2012, together with the notes thereto, which have been extracted from the annual report of the Group for the year ended 31 December 2012. Unless the context otherwise requires, capitalised terms used therein shall have the same meanings as defined in the annual report of the Company for the year ended 31 December 2012.

A. Auditors' Report

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
Revenue	5	1,289,449	1,278,251
Other income	6	238,356	191,048
Change in fair value of investment properties	17	—	10,360
Purchase of and changes in inventories		(294,998)	(255,109)
Employee benefits expense	7	(227,787)	(173,594)
Depreciation and amortisation		(114,137)	(65,445)
Operating lease rental expense	36	(161,033)	(153,920)
Other operating expenses	8	(337,748)	(279,582)
Share of loss of an associate	18	(139)	—
Finance costs	9	(87,397)	(85,958)
Profit before tax		304,566	466,051
Income tax charge	10	(117,596)	(134,154)
Profit for the year		186,970	331,897
Profit for the year attributable to:			
Owners of the Company		156,335	312,759
Non-controlling interests		30,635	19,138
		186,970	331,897
Earnings per share	14		
Basic (RMB cents)		3.71	7.40
Diluted (RMB cents)		3.71	7.40

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2012

	2012 RMB'000	2011 RMB'000
Profit for the year and total comprehensive income for the year	186,970	331,897
Attributable to:		
Owners of the Company	156,335	312,759
Non-controlling interests	30,635	19,138
	186,970	331,897

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	Notes	31 December 2012 RMB'000	31 December 2011 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	2,512,695	2,544,715
Deposit for acquisition of land use rights	16	230,000	—
Investment properties	17	674,400	674,400
Interests in an associate	18	1,361	1,500
Land use rights	19	173,558	60,391
Goodwill	34	22,974	22,974
Loan receivables	24	120,833	—
Deferred tax assets	21	21,906	10,392
Restricted bank balances	25	12,000	12,000
		3,769,727	3,326,372
CURRENT ASSETS			
Inventories	22	75,418	66,033
Prepayments, trade and other receivables	23	151,381	157,333
Loan receivables	24	13,267	100,000
Land use rights	19	2,013	2,013
Amounts due from related parties	38(c)	21,526	14,613
Held for trading investments	20	20,399	19,984
Short-term investments	26	172,930	120,000
Restricted bank balances	25	93,929	117,420
Bank balances and cash	25	1,300,699	1,711,164
		1,851,562	2,308,560
CURRENT LIABILITIES			
Trade and other payables	27	1,254,965	1,189,776
Bonds payable	29	748,335	16,406
Tax payable		46,974	39,542
Dividend payables to owners of the Company/non-controlling shareholders		260	7,232
Borrowings — due within one year	28	673,237	830,138
Amounts due to related parties	38(c)	20,022	64,299
		2,743,793	2,147,393

	Notes	31 December 2012 RMB'000	31 December 2011 RMB'000
NET CURRENT (LIABILITIES) ASSETS		(892,231)	161,167
TOTAL ASSETS LESS CURRENT LIABILITIES		2,877,496	3,487,539
NON-CURRENT LIABILITIES			
Borrowings — due after one year	*28*	264,448	211,947
Bonds payable	*29*	—	743,349
Deferred tax liabilities	*21*	112,778	108,267
		377,226	1,063,563
		2,500,270	2,423,976
CAPITAL AND RESERVES			
Share capital	*30*	143,769	144,271
Share premium and reserves		2,281,910	2,252,556
Equity attributable to owners of the Company		2,425,679	2,396,827
Non-controlling interests		74,591	27,149
		2,500,270	2,423,976

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Attributable to the owners of the Company										
	Share capital *RMB'000*	Share premium *RMB'000*	Capital redemption reserve *RMB'000*	Other reserve *RMB'000*	Statutory surplus reserve *RMB'000* *(Note)*	Translation reserve *RMB'000*	Share options reserve *RMB'000*	Retained earnings *RMB'000*	Subtotal *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
At 1 January 2011	144,271	1,890,017	—	(495,859)	80,847	(13,651)	18,655	705,905	2,330,185	24,768	2,354,953
Profit and total comprehensive income for the year	—	—	—	—	—	—	—	312,759	312,759	19,138	331,897
Recognition of share-based payments	—	—	—	—	—	—	8,622	—	8,622	—	8,622
Contribution from owners of the Company	—	—	—	114,662	—	—	—	—	114,662	—	114,662
Acquisition of subsidiaries under common control	—	—	—	(213,076)	—	—	—	—	(213,076)	—	(213,076)
Acquisition of subsidiary from a third party *(Note 33)*	—	—	—	—	—	—	—	—	—	5,675	5,675
Contributions from the non-controlling shareholders	—	—	—	—	—	—	—	—	—	2,851	2,851
Dividends paid to non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	(25,283)	(25,283)
Appropriations	—	—	—	—	32,982	—	—	(32,982)	—	—	—
Payment of dividends *(Note 13)*	—	—	—	—	—	—	—	(156,325)	(156,325)	—	(156,325)
At 31 December 2011	144,271	1,890,017	—	(594,273)	113,829	(13,651)	27,277	829,357	2,396,827	27,149	2,423,976
Profit and total comprehensive income for the year	—	—	—	—	—	—	—	156,335	156,335	30,635	186,970
Recognition of share-based payments *(Note 37)*	—	—	—	—	—	—	3,472	—	3,472	—	3,472
Contributions from the non-controlling shareholders	—	—	—	—	—	—	—	—	—	28,430	28,430
Dividends paid to non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	(11,623)	(11,623)
Appropriations	—	—	—	—	32,892	—	—	(32,892)	—	—	—
Payment of dividends *(Note 13)*	—	—	—	—	—	—	—	(122,378)	(122,378)	—	(122,378)
Share repurchase and cancelled	(502)	(8,075)	502	—	—	—	—	(502)	(8,577)	—	(8,577)
At 31 December 2012	143,769	1,881,942	502	(594,273)	146,721	(13,651)	30,749	829,920	2,425,679	74,591	2,500,270

Note: In accordance with the Articles of Association of certain subsidiaries established in the People's Republic of China (the "PRC"), those subsidiaries are required to transfer 10% of the profit after taxation to the statutory surplus reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity owners. The statutory surplus reserve can be used to make up for previous year's losses, expand the existing operations or convert into additional capital of the subsidiaries.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
OPERATING ACTIVITIES			
Profit before taxation		304,566	466,051
Adjustments for:			
Depreciation of property, plant and equipment		112,124	63,432
Amortisation of land use rights		2,013	2,013
Gains on short-term investments		(4,967)	(658)
Interest income		(31,862)	(42,677)
Finance costs		87,397	85,958
Share of loss of an associate		139	—
(Gain)/loss on disposal/write-off of property, plant and equipment		(845)	10
Foreign exchange loss/(gain)		934	(2,840)
Change in fair value of investment properties		—	(10,360)
Expense recognised in profit or loss in respect of equity-settled share-based payments		3,472	8,622
Changes in fair value of held for trading investments		(464)	(320)
Gain on repurchase of bonds		(1,015)	—
Operating cash flows before movements in working capital		471,492	569,231
Increase in inventories		(9,385)	(18,062)
(Increase) decrease in prepayments, deposits and other receivables		(23,659)	16,621
(Increase) decrease in amounts due from related parties		(18,412)	13,599
Decrease in held for trading investments		—	6,956
Increase in trade and other payables		55,030	106,893
Decrease in amounts due to related parties		(42,876)	(11,857)
Cash generated from operations		432,190	683,381
Income taxes paid		(117,167)	(133,654)
NET CASH FROM OPERATING ACTIVITIES		315,023	549,727

	Notes	2012 RMB'000	2011 RMB'000
INVESTING ACTIVITIES			
Interest received		51,445	27,634
Repayment from non-controlling shareholders		14,995	—
Repayment from loan receivables		100,000	—
Advance of loan receivables		(134,100)	—
Increase in short-term investments		(52,930)	(120,000)
Purchases of property, plant and equipment		(191,566)	(387,164)
Deposit refunded for acquisition of property, plant and equipment		—	70,000
Deposit for acquisition of land use right		(230,000)	—
Purchases of investment properties		—	(34,540)
Repayment from (advance to) related parties		11,499	(129,572)
Investment in an associate		—	(1,500)
Proceeds from disposal of property, plant and equipment		2,316	30
Payment on acquisition of subsidiaries under common control		—	(208,690)
Acquisition of a subsidiary	33	—	(22,433)
Decrease (increase) in restricted bank balances		23,491	(1,706)
Decrease (increase) in time deposits		387,319	(387,319)
NET CASH USED IN INVESTING ACTIVITIES		(17,531)	(1,195,260)
FINANCING ACTIVITIES			
Contribution from equity holders		—	35,148
Interest paid		(85,007)	(66,665)
Contribution from non-controlling shareholders		28,430	2,851
Payment of dividends to owner of the Company/ non-controlling shareholders of subsidiaries		(140,973)	(174,428)
Payment to a related party		(1,401)	—
New borrowings raised		751,000	695,000
Repayment of borrowings		(855,867)	(728,831)
Issuance of bonds		—	750,000
Bonds issuance cost		—	(9,375)
Repurchase of bonds		(13,153)	—
Repurchase of shares		(8,577)	—
Advance from non-controlling shareholders		5,329	—
NET CASH (USED IN) FROM FINANCING ACTIVITIES		(320,219)	503,700
NET DECREASE IN CASH AND CASH EQUIVALENTS		(22,727)	(141,833)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,323,845	1,481,523
Effect of foreign exchange rate changes		(419)	(15,845)
CASH AND CASH EQUIVALENTS AT END OF YEAR	35	1,300,699	1,323,845

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

1. GENERAL INFORMATION AND BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

PCD Stores (Group) Limited (the "Company", together with its subsidiaries are hereafter collectively referred as the "Group") is an exempted company incorporated in the Cayman Islands. Its shares are listed on the Stock Exchange of Hong Kong Limited with effect from 15 December 2009. The registered office of the Company is situated at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands, and its principal place of business is situated at No. 193-215 Zhongshan Road, Xiamen 361000, the PRC. Its parent company is Bluestone Global Holdings Limited (incorporated in the British Virgin Islands). The Company is an investment holding company and the principal business of its subsidiaries is the operation of department stores in PRC.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

In preparing the consolidated financial statements for the year ended 31 December 2012, the directors of the Company have given careful consideration to the future liquidity of the Group in light of its net current liabilities of approximately RMB892.2 million as at 31 December 2012, and the capital commitment of approximately RMB109.1 million as at 31 December 2012. Having considered (1) the Group had net operating cash inflow for the year ended 31 December 2012 of RMB315.0 million; (2) the Group had majority of its borrowings as at 31 December 2012 which were secured by certain buildings (classified as property, plant and equipment and investment properties), land use rights and bank balances of the Group and, in the opinion of the directors, which can be renewed on their maturity dates; and (3) the Group had buildings (classified as property, plant and equipment and investment properties) in an aggregate carrying amount of more than RMB1.45 billion which remain available to the Group to pledge for additional banking facilities, the directors of the Company are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSS")

In the current year, the Group has applied the following amendments to standards issued by the International Accounting Standards Board.

Amendments to IAS 12	Deferred Taxes: Recovery of Underlying Asset; and
Amendments to IFRS 7	Financial Instruments: Disclosures — Transfers of Financial Assets

Amendments to IAS 12 Deferred Tax: Recovery of Underlying Assets

Under the amendments to IAS 12 Deferred Tax: Recovery of Underlying Assets, investment properties that are measured using the fair value model in accordance with IAS 40 Investment Property are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to IAS 12, the directors reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodies in the investment properties over time through generating rental income. Hence, the presumption set out in the amendments to IAS 12 has been rebutted. The Group continues to recognise any deferred taxes on changes in fair value of the investment properties on the basis that the entire carrying amount of the properties are recovered through use.

The application of the amendments to standards in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised standards, amendments and interpretation that have been issued but are not effective.

Amendments to IFRSs	Annual Improvements to IFRSs 2009-2011 Cycle[1]
Amendments to IFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities[1]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[2]
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities Transition Guidance[1]
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities[4]
IFRS 9	Financial Instruments[2]
IFRS 10	Consolidated Financial Statements[1]
IFRS 11	Joint Arrangements[1]
IFRS 12	Disclosure of Interests in Other Entities[1]
IFRS 13	Fair Value Measurement[1]
IAS 19 (as revised 2011)	Employee Benefits[1]
IAS 27 (as revised 2011)	Separate Financial Statements[1]
IAS 28 (as revised 2011)	Investments in Associates and Joint Ventures[1]
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income[3]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[4]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine[1]

1 Effective for annual periods beginning on or after 1 January 2013

2 Effective for annual periods beginning on or after 1 January 2015

3 Effective for annual periods beginning on or after 1 July 2012

4 Effective for annual periods beginning on or after 1 January 2014

The directors of the Company anticipate that the application of the new and revised standards, amendments or interpretation will have no material impact on the results and the financial position of the Group but will lead to more extensive disclosures in certain areas.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Business combinations not involving entities under common control

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another Standard.

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of the associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Commission revenue from concessionaire sales is recognised upon the sale of goods by the relevant stores.

Revenue from sales of goods is recognised when goods are delivered and title has passed. Sales of goods that result in award credits for customers under the Group's customer loyalty programme are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods sold and the award credits granted. The consideration allocated to the award credits is measured by reference to the fair value of the awards for which they could be redeemed. Such consideration is not recognised as revenue at the time of the initial sale transaction, but is deferred and recognised as revenue when the award credits are redeemed and the Group's obligations have been fulfilled.

Rental income and display space leasing income are recognised on a straight-line basis over the terms of the respective leases.

Service income including management consultancy service income, property management income, catering service income and credit card handling income is recognised in the accounting period in which the relevant services are rendered.

Advertisement and promotion administration income are recognised according to the underlying contract terms with concessionaires and as the services are provided accordingly.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes other than properties under construction as described below are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment (other than properties under construction) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Buildings under development for future owner-occupied purpose

When buildings are in the course of development for production or for administrative purposes, the amortisation of prepaid lease payments provided during the construction period is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

Land use rights

Land use rights are stated at cost and amortised on a straight-line basis over the lease terms. Land use rights which are to be amortised in the next twelve months or less are classified as current assets.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Contingent rental income is recognised in the period in which it is earned.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Contingent rental expenses are charged as expenses in the periods in which they are incurred. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expenses on a straight-line basis over the lease term.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "land use rights" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributed to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalisation.

All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

Retirement benefit costs

Payments to the defined contribution retirement benefits scheme under the state-managed retirement benefit schemes in PRC are charged as an expense when employees have rendered service entitling them to the contribution.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and an associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in IAS 12.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets represent financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees or points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debts instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at fair value through profit or loss

The Group's financial assets at FVTPL are financial assets held for trading investments.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the other income line item in the consolidated income statement. Fair value is determined in the manner described in Note 32.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, loan receivables, amounts due from related parties, restricted bank balances, and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated future cash flows have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of loans and receivables, such as trade receivables and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that are correlated with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees or points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

The Group's financial liabilities including borrowings, trade and other payables, bonds payable, dividend payables and amounts due to related parties are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve.

At the time when the share options are exercised, the amount previously recognised in the share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in the share options reserve will continue to be held in the share options reserve.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

Fair value of investment property

As described in Note 17, the valuation of investment properties 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 and by making reference to comparable sales evidence as available in the relevant market. Certain assumptions including estimated reversionary income potential and yield were made in arriving at the valuation. As at 31 December 2012, the carrying amount of the Group's investment properties was RMB674,400,000 (2011: RMB674,400,000).

Impairment of property, plant and equipment

If there is any indication of impairment, determining the extent to which property, plant and equipment are impaired requires an estimation of the value in use of the cash-generating units to which they have been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

At the reporting date, the directors of the Company were satisfied that there was no indication that any items of property, plant and equipment had suffered an impairment loss. At 31 December 2012, the carrying amount of property, plant and equipment was RMB2,512,695,000 (2011: RMB2,544,715,000).

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2012, the carrying amount of goodwill is RMB22,974,000 (2011: RMB22,974,000) and no impairment loss has been provided. Details of key assumptions of impairment testing on goodwill testing are disclosed in Note 34.

Impairment of loan receivables

In determining whether there is objective evidence of impairment loss, the Group takes into consideration the credit quality of the borrowers and the collaterals and guarantees obtained by the Group. The amount of the impairment loss is measured as the difference between the loan receivables' carrying amount and the present value of estimated future cash flows discounted at the loan receivables' original effective interest rate after taking into consideration the value of collaterals obtained. Management reassesses the adequacy of impairment on a regular basis. Where the actual cash flows are less than expected, a material impairment loss may arise. As at 31 December 2012, the carrying amounts of loan receivables are RMB134,100,000 (2011: RMB100,000,000).

5. REVENUE AND SEGMENT INFORMATION

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

	2012	2011
	RMB'000	*RMB'000*
Commissions from concessionaire sales *(Note)*	842,366	798,156
Sales of goods	349,472	329,295
Rental income	60,311	51,950
Catering service income	29,356	—
Management consultancy service income	7,944	98,850
	1,289,449	1,278,251

Note:

The commissions from concessionaire sales is analysed as follows:

	2012	2011
	RMB'000	*RMB'000*
Gross revenue from concessionaire sales	5,069,947	4,481,188
Commissions from concessionaire sales	842,366	798,156

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

All external revenues of the Group during the year ended 31 December 2012 are contributable to customers established in the PRC, the place of domicile of the Group's operating entities. Meanwhile, the Group's non-current assets (other than deferred tax assets, loan receivables and restricted bank balances) are all located in the PRC.

No revenues from a single external customer amounted to 10 percent or more of the Group's revenue during both years.

6. OTHER INCOME

	2012	2011
	RMB'000	*RMB'000*
Property management income	45,213	33,231
Advertisement and promotion administration income	56,037	40,001
Display space leasing income	6,891	5,851
Bank interest income	21,479	32,677
Gain on short-term investments	4,967	658
Credit card handling income	38,295	33,224
Change in fair value of held for trading investments	464	320
Interest income from loan receivables	10,383	10,000
Gain on repurchase of bonds	1,015	—
Government grants	8,118	2,503
Compensation from a lessor	6,394	—
Others	39,100	32,583
	238,356	191,048

7. EMPLOYEE BENEFITS EXPENSE

	2012	2011
	RMB'000	*RMB'000*
Salaries, bonuses and allowances	184,941	134,346
Contributions to retirement benefit schemes	39,374	30,626
Equity-settled share-base payment	3,472	8,622
	227,787	173,594

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

8. OTHER OPERATING EXPENSES

Other operating expenses are analysed as follows:

	2012	2011
	RMB'000	*RMB'000*
Auditors' remuneration	2,420	2,200
Professional service fee *(Note i)*	17,488	861
Promotion, advertising and related expenses	87,392	66,798
Water, electricity and heating	36,863	30,084
Other taxes	49,667	69,544
Bank charges	51,130	43,826
Net foreign exchange loss/(gains)	934	(2,840)
Store operating costs *(Note ii)*	35,335	22,151
Others	56,519	46,958
	337,748	279,582

Notes:

(i) The amounts mainly represent the service fee paid to consultants for their services relating to the sourcing and design of newly established department stores.

(ii) The amounts mainly represent the cost of security, cleaning, uniform and maintenance for department stores' daily operation.

9. FINANCE COSTS

	2012	**2011**
	RMB'000	*RMB'000*
Interest expenses on:		
Bank borrowings and other borrowings, wholly repayable within five years	45,614	47,302
Bonds payable	41,783	38,656
	87,397	85,958

10. INCOME TAX CHARGE

	2012	**2011**
	RMB'000	*RMB'000*
The charge comprises:		
PRC Enterprise Income Tax	124,599	128,986
Deferred tax *(Note 21)*	(7,003)	5,168
	117,596	134,154

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% except for those entities under the transitional arrangement as disclosed below.

On 6 December 2007 and 26 December 2007, the EIT Law's Detailed Implementation Rules and the details of the transitional arrangement were promulgated respectively. They contemplate various transition periods and measures for existing preferential tax policies, including a grace period of a maximum of 5 years until 2012 for the enterprises which are currently entitled to a lower income tax rate under the previous tax law and continue the implementation of preferential tax treatment with a fixed term until the expiration of such fixed term, which as shown in the table below. In addition, the EIT Law provides that qualified dividend income between two "resident enterprises" that have a direct investment relationship is exempted from income tax. Otherwise, such dividends will be subject to a 5% or 10% withholding tax under the tax treaty or the domestic law. Included in PRC Enterprise Income Tax is an amount of RMB2,948,000 (2011: nil) relate to withholding tax paid on dividends paid by group entities.

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

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

	2012	2011
	%	%
Zhongshan PCD (Xiamen) Department Stores Co., Ltd, ("Zhongshan PCD Stores (Xiamen)")	25	24
PCD Century Business Management (Xiamen) Limited	25	24
PCD World Trade (Xiamen) Co., Ltd. ("PCD World Trade (Xiamen)")	25	24
PCD Continental Department Stores (Xiamen) Co., Ltd. ("PCD Continental")	25	24
PCD Stores Information Consulting (Xiamen) Limited ("PCD Stores Information Consulting (Xiamen)")	25	24
Laiya Department Management (Xiamen) Co., Ltd. ("Laiya Department Management (Xiamen)")	25	24

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

The tax charge for the year can be reconciled to the profit before tax per the consolidated income statement as follows:

	2012	2011
	RMB'000	*RMB'000*
Profit before taxation	304,566	466,051
Tax at applicable income tax rate of 25% (2011: 25%)	76,142	116,512
Tax effect of income that is not taxable in determining taxable profit	(4,581)	(5,920)
Tax effect of service income at concessionary tax rate	—	(13,805)
Tax effect of expenses that are not deductible in determining taxable profit	17,173	25,744
Effect of income tax at concessionary tax rate	—	(215)
Tax effect of tax losses not recognised	24,593	15,985
Utilisation of tax losses previously not recognised	(383)	(4,220)
Deferred tax on withholding tax arising from undistributed profits of PRC subsidiaries *(Note 21)*	4,652	73
Income tax charge	117,596	134,154

11. DIRECTOR'S EMOLUMENTS

The emoluments paid or payable to each of the directors of the Company were as below:

2012

	Fees *RMB'000*	**Salaries and other benefits** *RMB'000*	**Performance related incentive payments** *RMB'000*	**Retirement benefit schemes contributions** *RMB'000*	**Equity-settled share-based payments** *RMB'000*	**Total** *RMB'000*
Mr. Alfred Chan *(Note i)*	—	—	—	—	—	—
Mr. Edward Tan	—	—	—	—	—	—
Mr. Xiang Qiang *(Note ii)*	—	1,356	—	—	—	1,356
Mr. Randolph Yu	25	—	—	—	17	42
Mr. Ainsley Tai	32	—	—	—	17	49
Mr. Li Chang Qing	25	—	—	—	17	42
Total	82	1,356	—	—	51	1,489

2011

	Fees *RMB'000*	**Salaries and other benefits** *RMB'000*	**Performance related incentive payments** *RMB'000*	**Retirement benefit schemes contributions** *RMB'000*	**Equity-settled share-based payments** *RMB'000*	**Total** *RMB'000*
Mr. Alfred Chan *(Note i)*	—	—	—	—	—	—
Mr. Edward Tan	—	—	—	—	—	—
Mr. Tony Lau *(Note ii)*	—	734	—	—	153	887
Mr. Randolph Yu	26	—	—	—	40	66
Mr. Ainsley Tai	32	—	—	—	40	72
Mr. Li Chang Qing	13	—	—	—	40	53
Total	71	734	—	—	273	1,078

Notes:

(i) Mr. Alfred Chan is the executive director of the Company.

(ii) Mr. Tony Lau resigned from the Company on 31 May 2011. Mr. Xiang Qiang was appointed as the President and executive director of the Company with effect from 1 March 2012 and his emoluments disclosed above include those for services rendered by him as the President.

No directors waived or agreed to waive any emoluments in the year ended 31 December 2012 (2011: Nil).

12. EMOLUMENTS OF THE FIVE HIGHEST PAID INDIVIDUALS

Of the five individuals with the highest emoluments in the Group, one (2011: one) is director of the Company whose emoluments are included in the disclosures in Note 11 above. The emoluments of the remaining four (2011: four) individuals were as follows:

	2012	2011
	RMB'000	*RMB'000*
Salaries and other benefits	4,350	2,602
Retirement benefit schemes contributions	432	198
Equity-settled share-based payments	58	141
	4,840	2,941

One (2011: nil) out of the four highest paid individuals shown above was paid the emoluments between HK$2,000,001 and HK$2,500,000, one (2011: nil) was paid between HK$1,500,001 and HK$2,000,000, one (2011: one) was paid between HK$1,000,001 and HK$1,500,000, and one (2011: three) was paid below HK$1,000,000.

No emoluments were paid by the Group to the directors or the five highest paid individuals as inducement to join or upon joining the Group or as compensation for loss of office.

13. DIVIDENDS

	2012	2011
	RMB'000	*RMB'000*
Dividends recognised as distribution during the year:		
2012 Interim — RMB1.0 cents (2011 interim dividend RMB1.8 cents) per share	42,103	76,050
2011 final — RMB1.9 cents (2010: Final — RMB1.9 cents) per share	80,275	80,275
	122,378	156,325

The directors have not proposed any dividend in respect of the year ended 31 December 2012.

14. EARNINGS PER SHARE

Earnings

	2012	2011
	RMB'000	*RMB'000*
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	156,335	312,759

Number of shares

	2012	2011
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	4,217,387	4,225,000

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options since the exercise price of the share options are higher than the average market price for both years.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Motor vehicles	Office equipment	Others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST							
At 1 January 2011	1,095,497	79,984	5,567	16,034	39,319	1,148,123	2,384,524
Additions	188,546	40,925	4,076	2,735	1,995	174,291	412,568
Acquired on acquisition of a subsidiary	—	2,901	221	235	482	—	3,839
Transfer	—	2,070	—	—	—	(2,070)	—
Disposals/write-off	—	—	—	(93)	(10)	—	(103)
At 31 December 2011	1,284,043	125,880	9,864	18,911	41,786	1,320,344	2,800,828
Additions	—	37,017	5,869	7,516	3,563	142,790	196,755
Transfer	1,066,321	200,504	—	—	—	(1,266,825)	—
Reclassified to land use rights *(note 19)*	—	—	—	—	—	(115,180)	(115,180)
Disposals/write-off	—	(1,297)	(757)	(1,700)	(399)	—	(4,153)
At 31 December 2012	2,350,364	362,104	14,976	24,727	44,950	81,129	2,878,250
ACCUMULATED DEPRECIATION							
At 1 January 2011	132,125	37,172	2,672	10,761	10,014	—	192,744
Charge for the year	35,042	21,464	1,462	2,401	3,063	—	63,432
Eliminated on disposals/ write-off	—	—	—	(55)	(8)	—	(63)
At 31 December 2011	167,167	58,636	4,134	13,107	13,069	—	256,113
Charge for the year	65,987	37,143	2,412	2,758	3,824	—	112,124
Eliminated on disposals/ write-off	—	(677)	(363)	(1,541)	(101)	—	(2,682)
At 31 December 2012	233,154	95,102	6,183	14,324	16,792	—	365,555
CARRYING AMOUNT							
At 31 December 2011	1,116,876	67,244	5,730	5,804	28,717	1,320,344	2,544,715
At 31 December 2012	2,117,210	267,002	8,793	10,403	28,158	81,129	2,512,695

As at 31 December 2012, certain of the Group's buildings with an aggregate carrying amount of RMB385,426,000 (2011: RMB317,396,000) were pledged as security for bank borrowings of the Group (Note 28).

As at 31 December 2012, the Group was in the process of obtaining the property ownership certificate of a building with a carrying amount of RMB452,740,000 (2011: RMB469,059,000).

Depreciation is charged using straight-line method on the following basis:

Buildings	27–37 years
Leasehold improvements	2–5 years
Motor vehicles	5–10 years
Office equipment	5 years
Others	2–5 years

16. DEPOSIT FOR ACQUISITION OF LAND USE RIGHTS

The balance represents the deposit for acquisition of land use rights in relation to Da Xin Men, a parcel of land located near Ruijin Central Road, Nanming District, Guiyang City of Guizhou Province, the PRC.

On 10 February 2012, the Group and Guiyang Xin Xi Da Wu Hotel Investments Limited (貴陽新喜達屋酒店投資有限公司) ("Xin Xi Da Wu"), an independent third party, entered into a State-owned Infrastructure Land Use Rights Transfer Agreement with Land and Resources Bureau of Guiyang City, Guizhou Province, the PRC (the "Vendor") in relation to the acquisition of land use rights of Da Xi Men (the "Acquisition") with the total surface area of 56,281 square meters and the authorized usage of which is limited to hotel, commercial and office. The total consideration for the Acquisition is RMB601,600,000 and the cost of attributable portion of land use rights to be borne by Group is RMB230,000,000.

The total consideration for the Acquisition of RMB601,600,000 is payable in two tranches of RMB300,800,000 each. The first tranche of RMB300,800,000 was paid (RMB230,000,000 and RMB70,800,000 paid by the Group and Xin Xi Da Wu, respectively). The second tranche of RMB300,800,000 has been paid by Xin Xi Da Wu subsequent to the end of the reporting period.

Transfer of the land use rights and construction of Da Xi Men will be subject to certain conditions including, completion of land recapture and associated compensation and the approval for construction on the land by the Vendor.

As at the date issuance of these consolidated financial statements, the conditions set out above have not been fully satisfied and the land recapture work is still in progress.

17. INVESTMENT PROPERTIES

	RMB'000
FAIR VALUE	
At 1 January 2011	629,500
Additions	34,540
Change in fair value	10,360
At 31 December 2011	674,400
Change in fair value	—
At 31 December 2012	674,400

The fair value of the Group's investment properties at 31 December 2012 and 2011 has been arrived at on the basis of a valuation carried out at that date by DTZ Debenham Tie Leung Limited ("DTZ"), independent qualified professional valuers not connected with the Group. DTZ are members of the Hong Kong Institute of Surveyors. 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 and by making reference to comparable sales evidence as available in the relevant market.

The carrying value of investment properties shown above includes land in the PRC under a medium-term lease. As of 31 December 2012 and 2011, certain of the Group's investment properties with an amount of RMB546,900,000 (2011: RMB546,900,000) were pledged as security for bank loans of the Group (Note 28).

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

18. INTERESTS IN AN ASSOCIATE

	31 December 2012 *RMB'000*	31 December 2011 *RMB'000*
Cost of investment in an associate, unlisted	1,500	1,500
Share of post-acquisition losses	(139)	—
	1,361	1,500

As at 31 December 2012, the Group had interest in the following associate:

Name of entity	Form of entity	Place of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital/registered capital held by the Group 2012	2011	Principal activities
Shanghai Hongyue Company Limited	Incorporated	PRC	Shanghai, PRC	Ordinary	30%	30%	Investment management

Summarised financial information in respect of the Group's associate is set out below:

	31 December 2012 *RMB'000*	31 December 2011 *RMB'000*
Total assets	4,610	5,000
Total liabilities	(73)	—
Net assets	4,537	5,000
Group's share of net assets of the associate	1,361	1,500

	2012 *RMB'000*	2011 *RMB'000*
Total revenue	1,267	—
Total loss for the year	(464)	—
Group's share of loss of the associate	(139)	—
Group's share of other comprehensive income of the associate	—	—

19. LAND USE RIGHTS

	RMB'000
At 1 January 2011	64,417
Amortisation	(2,013)
At 31 December 2011	62,404
Reclassified from construction in progress *(note 15)*	115,180
Amortisation	(2,013)
At 31 December 2012	175,571

	31 December 2012 RMB'000	31 December 2011 RMB'000
Analysed for reporting purpose as:		
— Current assets	2,013	2,013
— Non-current assets	173,558	60,391
	175,571	62,404

The amount represents the prepayment of rentals for land use rights situated in the PRC. The leasehold land has lease terms ranging from 29 to 40 years.

As at 31 December 2012, land use rights with carrying amount of RMB9,559,000 (2011: RMB8,959,000) were pledged against bank borrowings granted to the Group (Note 28).

20. HELD FOR TRADING INVESTMENTS

	31 December 2012 RMB'000	31 December 2011 RMB'000
Listed debentures with fixed interest of 4.63% and maturity date on 11 September 2015	20,399	19,984

The amount was stated at fair value based on quoted market prices.

21. DEFERRED TAXATION

The deferred tax assets (liabilities) recognised by the Group, and the movements thereon during the current and prior years are as follows:

	Accruals RMB'000	Undistributed profits RMB'000	Investment properties RMB'000	Total RMB'000
At 1 January 2011	7,369	(13,782)	(86,294)	(92,707)
Credit (charge) to profit or loss	(278)	(73)	(4,817)	(5,168)
At 31 December 2011	7,091	(13,855)	(91,111)	(97,875)
Credit (charge) to profit or loss	11,024	(1,704)	(2,317)	7,003
At 31 December 2012	18,115	(15,559)	(93,428)	(90,872)

The following is the analysis of the deferred tax balances for financial reporting purposes:

	31 December 2012 RMB'000	31 December 2011 RMB'000
Deferred tax assets	21,906	10,392
Deferred tax liabilities	(112,778)	(108,267)
	(90,872)	(97,875)

At 31 December 2012, the Group had unused tax losses of RMB175,397,000 (2011: RMB78,555,000). No deferred tax asset has been recognised in respect of these tax losses due to the unpredictability of future profit streams. The unrecognised tax losses will expire as follows:

	31 December 2012 *RMB'000*	31 December 2011 *RMB'000*
2013	—	—
2014	7,258	8,788
2015	5,828	5,828
2016	63,939	63,939
2017	98,372	—
	175,397	78,555

Under the EIT Law, withholding tax is imposed on dividends declared to foreign investors in respect of profit earned by PRC subsidiaries from 1 January 2008 onward. Deferred taxation has been provided for in the consolidated financial statements in respect of undistributed profits of relevant PRC subsidiaries by applying the expected dividend declaration rate of the relevant PRC subsidiaries as estimated by the directors of the Company. Deferred tax liabilities on the remaining undistributed profit of the PRC subsidiaries of RMB663,842,000 was not recognised as at 31 December 2012 (31 December 2011: RMB538,142,000) as the Group is able to control the timing of the reversal of such temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

22. INVENTORIES

	31 December 2012 *RMB'000*	31 December 2011 *RMB'000*
Merchandise held for resale	68,239	62,863
Low value consumables	7,179	3,170
	75,418	66,033

23. PREPAYMENTS, TRADE AND OTHER RECEIVABLES

The following is an analysis of trade and other receivables presented based on the date that services are rendered/goods are delivered at the end of the reporting period:

	31 December 2012 *RMB'000*	31 December 2011 *RMB'000*
Trade receivables		
within 60 days	27,885	22,928
61 days to 120 days	1,425	590
121 days to 360 days	246	—
Prepaid rentals	9,167	5,206
Advances to suppliers	15,649	5,710
Prepaid value-added tax	34,532	23,130
Advance to non-controlling shareholders	—	14,995
Interest receivables from bank and loan receivables	4,975	19,591
Other deposits	12,552	15,000
Deposits in concessionaire suppliers	4,583	9,523
Others	40,367	40,660
	151,381	157,333

Retail sales to individual consumers are usually settled in cash or by debit card or credit card. Certain of the Group's corporate customers also issue debit cards to other consumers ("shopping card") who use such shopping cards to shop in the Group's department stores (that is, retail sales on corporate accounts). The Group has a policy of allowing an average credit period of 60 days to its customers of management consultancy service and 30 days to issuers of shopping cards and certain retail customers. Overdue balances are reviewed regularly by the Group's management.

Trade receivables at the reporting date principally represent receivables from unrelated parties from management consulting fees, issuers of shopping cards and certain retail customers.

All of the trade receivables are not impaired at the end of the reporting period.

Trade receivable with a carrying amount of RMB1,671,000 as at 31 December 2012 (31 December 2011: RMB590,000) were overdue for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable.

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

Trade receivables are all denominated in RMB as at the reporting date of 31 December 2012. (At 31 December 2011, RMB8,107,000 are denominated in foreign currency, Hong Kong Dollar ("HK$").

24. LOAN RECEIVABLES

	31 December 2012	**31 December 2011**
	RMB'000	*RMB'000*
Loan receivables	134,100	100,000
Analysed for reporting purpose as:		
Current assets	13,267	100,000
Non-current assets	120,833	—
	134,100	100,000

As at 31 December 2012, the loan receivables carried fixed interest rates from 6% to 18% per annum (2011: 10%).

The contractual maturity date of the loan receivables are as follows:

	31 December 2012	**31 December 2011**
	RMB'000	*RMB'000*
Within one year	13,267	100,000
More than one year but not more than two years	100,000	—
More than two year but not more than five years	20,833	—
	134,100	100,000

As at 31 December 2012, loan receivables amounting to RMB95,000,000 (2011:RMB100,000,000) were guaranteed by Guiyang Poly Real Estate Development Company Limited, an independent third party which is the parent company of the borrower, and the Group has the right to offset the outstanding balance against future rental payments to the borrower. Loan receivables amounting to RMB9,100,000 were secured by the borrower's inventories. Loan receivables amounting to RMB30,000,000 were unsecured and the Group has the right to offset the outstanding balance against future rental payments.

None of these assets have been past due or impaired at the end of the reporting period.

25. BANK BALANCES AND CASH AND RESTRICTED BANK BALANCES

Bank balances and cash

Bank balances carry interest at market rates which range from 0.00% to 0.35% (2011: 0.00% to 2.30%) per annum.

Bank balances and cash were mainly denominated in RMB, which is not a freely convertible currency in the international market. The remittance of these funds out of the PRC is subject to restrictions imposed by the Government of the PRC.

Bank balances and cash that are denominated in currencies other than RMB are set out below:

	2012	**2011**
	RMB'000	*RMB'000*
US$	68,663	170,684
HK$	47,470	50,829
	116,133	221,513

Restricted bank balances

As of 31 December 2012, the restricted bank balances include deposits of RMB67,742,000 (31 December 2011: RMB88,003,000) pledged for bank borrowings (Note 28), deposits of RMB38,187,000 (31 December 2011: RMB41,417,000) pledged to secure customers prepaid gift cards. The restricted bank balances carry interest at prevailing market rates at 0.55%–3.35% per annum (2011: 0.36%–3.10% per annum). As at 31 December 2012, restricted bank balances of RMB12,000,000 (31 December 2011: RMB12,000,000) has been pledged to secure non-current bank borrowings and therefore classified as non-current assets.

26. SHORT-TERM INVESTMENTS

As at 31 December 2012 and 2011, the Group's short-term investments represented investments in structured financial products operated by banks. These investments were non-principal protected with variable returns and were redeemable on demand. Subsequent to the end of reporting period, all the investments were redeemed on maturity dates.

27. TRADE AND OTHER PAYABLES

The average credit period taken for the settlement of concessionaire sales and trade purchases is 30 to 60 days. The following is an aged analysis of trade payables presented based on invoice date at the end of the reporting period:

	31 December 2012	31 December 2011
	RMB'000	*RMB'000*
Trade payables		
Within 60 days	642,806	606,945
61 days to 120 days	57,076	30,431
121 days to 1 year	10,573	7,688
Over 1 year	5,731	4,032
	716,186	649,096
Payable for purchase of property, plant and equipment	17,390	12,201
Accruals	81,739	44,758
Accrued staff costs	34,649	30,139
Deposits from concessionaire suppliers *(Note i)*	53,306	43,424
Customer prepaid gift cards *(Note ii)*	217,599	250,175
Other PRC tax payable	50,161	41,482
Advances from third parties *(Note iii)*	6,435	49,654
Payables to non-controlling shareholders	5,329	—
Others	72,171	68,847
	538,779	540,680
	1,254,965	1,189,776

Notes:

(i) The deposits from concessionaire suppliers are refundable upon expiry of the concessionaire agreements.

(ii) Customer prepaid gift cards represent the prepayment made by the customers of the department stores for purchase of merchandise in the future.

(iii) As at 31 December 2012, advances from third parties of RMB6,435,000 (31 December 2011: RMB49,654,000) were unsecured, interest free and repayable on demand.

28. BORROWINGS

	31 December 2012 *RMB'000*	31 December 2011 *RMB'000*
Secured bank borrowings *(Note)*	798,685	1,000,085
Unsecured bank borrowings	139,000	—
Other borrowings	—	42,000
	937,685	1,042,085
Carrying amount repayable:		
Within one year	495,875	551,461
More than one year, but not exceeding two years	193,463	148,853
More than two year, but not exceeding five years	248,347	341,771
	937,685	1,042,085
Less: Amount not repayable within one year from the end of the reporting period but contain a repayment on demand clause	(278,713)	(380,015)
Amounts due within one year	(394,524)	(450,123)
Amounts shown under current liabilities	(673,237)	(830,138)
Amounts shown under non-current liabilities	264,448	211,947

The borrowings comprise:

	31 December 2012 *RMB'000*	31 December 2011 *RMB'000*
Fixed-rate borrowings	389,000	292,000
Variable-rate borrowings	548,685	750,085

The effective interest rates, which are approximately equal to contracted interest rates, per annum at the end of the reporting period are as follows:

	31 December 2012 *%*	31 December 2011 *%*
Fixed-rate borrowings	5.600~6.480	6.100~7.216
Variable-rate borrowings	2.850~7.967	2.820~7.967

In respect of variable rate borrowings, the RMB-denominated loans carried interest at rates ranging from 90% to 113% of the market rates set by the People's Bank of China, whereas HK$-denominated loans carried interest at a rate of 2.85% (2011: 2.45%) over the Hong Kong Interbank Offer Rate. HK$-denominated loans amounted to RMB278,713,000 as at 31 December 2012 (31 December 2011: RMB380,015,000). Others are RMB-denominated loans.

Note: The loans were secured by certain property, plant and equipment, investment properties, land use rights and bank balances owned by the Group as set out in Notes 15, 17, 19 and 25.

29. BONDS PAYABLE

On 2 February 2011, the Group issued RMB750,000,000 fixed rate Renminbi denominated guaranteed bonds (the "Bonds") with a term of three years. The fixed interest rate is 5.25% per annum, payable semi-annually in arrears on 1 February and 1 August each year.

The Bonds are redeemable fully (but not partially) at the option of the Company in the event of certain changes affecting taxes of the British Virgin Islands, the Cayman Islands, Hong Kong or the PRC. The Bonds are redeemable at the option of the bondholders at any time following the occurrence of a change of the Company's controlling party. Controlling party is defined 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. In January 2013, Bluestone (as defined in note 39) and PGL (as defined in note 39) entered into the Bluestone Sale Agreement and PGL Sale Agreement with the Offeror (as defined in note 39), respectively, in respect of the conditional sale of an aggregate of 1,664,139,851 ordinary shares of the Company to the Offeror. Upon completion of the Bluestone Sale and PGL Sale Agreement, there will be a change in the controlling party of the Company and the Bonds will become redeemable at the option of the bondholder immediately. Therefore, the Bonds have been classified as current liabilities as at 31 December 2012. Further details are set out in note 39.

The Bonds are measured at amortised cost, using the effective interest method, and the effective interest rate is 5.79% per annum after taking into account transaction costs directly attributable to the issuance of the Bonds.

The movement of the Bonds payable for the year ended 31 December 2012 is set out below:

	2012	**2011**
	RMB'000	*RMB'000*
Carrying amount at the beginning of the year	759,755	—
Net proceeds from issuance of bonds	—	740,625
Repurchase	(14,168)	—
Interest charge for the year	41,783	38,656
Interest paid	(39,035)	(19,526)
Carrying amount at the end of the year	748,335	759,755
Less: Amounts classified under current liabilities	(748,335)	(16,406)
	—	743,349

The bonds are jointly and severally guaranteed by all of the Company's current and future subsidiaries which are not incorporated under the laws of the PRC and are quoted on the Singapore Exchange Securities Trading (the "Singapore Exchange"). As at 31 December 2012, the quoted market price of the bonds was approximately RMB710,000,000 (31 December 2011: RMB709,000,000).

On 27 June 2012 and 21 August 2012, the Company repurchased certain bonds with an aggregate par values of RMB14,000,000 on the Singapore Exchange at a total consideration of RMB13,153,000. The Bonds are carried at RMB14,168,000 on the dates of repurchase. A total gain of RMB1,015,000 was recognised in the current year and included in other income.

30. SHARE CAPITAL

The details of the Company's share capital are as follows:

	Number of shares	Share capital
		US$'000
Authorised		
Ordinary shares of US$0.005 each		
At 1 January 2011, 31 December 2011, and 31 December 2012	5,000,000,000	25,000
At 1 January 2011 and 31 December 2011	4,225,000,000	21,125
Share repurchased and cancelled	(14,700,000)	(74)
At 31 December 2012	4,210,300,000	21,051

	31 December 2012	31 December 2011
	RMB'000	*RMB'000*
Presented as	143,769	144,271

During the year ended 31 December 2012, pursuant to the general mandate given to the directors of the Company, the Company repurchased its own shares through The Stock Exchange of Hong Kong Limited as follows:

Month of repurchase	No. of ordinary shares of US$0.005 each of the Company	Price per share		Aggregate consideration paid
		Highest	Lowest	
		HK$	*HK$*	*HK$'000*
May 2012	4,000,000	0.75	0.75	3,006
June 2012	8,200,000	0.76	0.71	6,091
September 2012	2,500,000	0.61	0.52	1,429
	14,700,000			10,526

As at 31 December 2012, all the share repurchased were cancelled.

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of net debt, which includes bank and other borrowings as disclosed in Note 28 and bonds payable in Note 29, net of bank balances and cash and equity attributable to owners of the Company, comprising issued capital, reserves and retained earnings as disclosed in Note 30 and the consolidated statement of changes in equity.

The Group's management reviews the capital structure on a regular basis. As part of the review, the management considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

32. FINANCIAL INSTRUMENTS

Categories of financial instruments

	31 December 2012	31 December 2011
	RMB'000	*RMB'000*
Financial assets:		
Loan and receivables (including bank balances and cash)	1,654,287	2,068,650
Held for trading investments	20,399	19,984
Short-term investments	172,930	120,000
Financial liabilities:		
Amortised cost	2,577,119	2,696,593

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, loan receivables, held for trading investments, short-term investments, trade and other payables, bonds payable, amounts due from/to related parties, dividend payables, bank and other borrowings, restricted bank balances, bank balances and cash. Details of these financial instruments are disclosed in the respective notes.

The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner. The Group's objectives, policies and processes managing the risk and the methods used to measure the risk remains unchanged from the prior year.

Market risk

(i) *Currency risk*

The Group has bank balances and borrowings which are denominated in foreign currencies, hence, exposures to exchange rate fluctuations arises. The Group currently does not have a foreign currency hedging policy. The Group manages its foreign currency risk by closely monitoring the movement of foreign currency rates.

The carrying amount of the Group's monetary assets and monetary liabilities at the end of reporting period which are not denominated in RMB are as follows:

	31 December 2012	31 December 2011
	RMB'000	*RMB'000*
Assets		
US$	68,663	170,684
HK$	47,470	58,936
Liabilities		
HK$	278,713	380,015

The following table details the Group's sensitivity to a 5% change in the RMB against the US$ and HK$ respectively. The rate represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding monetary items and adjusts their translation at the end of reporting period for a change in foreign currency rates. A positive number below indicates an increase in profit for the year and a negative number indicates a decrease in profit when the RMB strengthens against the relevant currency. For a weakening of the RMB against the relevant currency, there would be an equal and opposite impact on profit.

Foreign currency sensitivity

	2012	2011
	RMB'000	*RMB'000*
US$		
Decrease in profit for the year	(2,654)	(7,753)
HK$		
Increase in profit for the year	12,015	16,517

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

(ii) *Interest rate risk*

The Group is exposed to cash flow interest rate risk due to fluctuations in the prevailing market interest rates on bank balances and borrowings which carry interest at variable market interest rates.

The Group's fair value interest rate risk relates primarily to fixed-rate loan receivable and fixed-rate borrowings and bonds payable. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk section of this note. The Group's cash flow interest rate risk is mainly concentrated in the fluctuation of interest published by the People's Bank of China and the Hong Kong Interbank Offer Rate.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable interest rate borrowings and bank balances. The analysis is prepared assuming the variable interest rate borrowings and bank balances outstanding at the reporting date were outstanding for the whole year. A 50 basis point for bank borrowings and 25 basis for bank balances (2011: 50 basis point for bank borrowing and 25 basis for bank balances) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been increased (decreased) by 50 basis points for borrowings and 25 basis points for bank balances (2011: 50 basis point for borrowing and 25 basis for bank balances) and all other variables were held constant, the Group's post-tax profit would decrease (increase) by RMB325,000 (2011: decrease (increase) by RMB765,000).

Credit risk

As at 31 December 2012, the Group's maximum exposure to credit risk without taking account of any collateral held as security or credit enhancement which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position at the reporting date.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The amounts presented in the consolidated statement of financial position are net of allowances for doubtful receivables, if any, estimated by the Company's management based on prior experience and the current economic environment. The Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's liquid funds are concentrated in a few banks, the credit risk of which is limited because the counterparties are state-owned banks or banks with high credit ratings by international credit-rating agencies.

The Group's loan receivables and amounts due from related companies are also concentrated in a few counterparties. The Group's certain loan receivables are secured by inventories of the borrower or guaranteed by borrower's parent company. Further detail of the credit risk of loan receivables are set out in Note 24. Other than this, the Group has no significant concentration of credit risk for receivables, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. As at 31 December 2012, the Group has net current liabilities of approximately RMB892.2 million. The Group relies on cash generated from operating activities and borrowings as a significant source of liquidity. During the year ended 31 December 2012, the Group has cash generated from operating activities of approximately RMB315,023,000 (2011: RMB549,727,000) , and in the opinion of the directors, a majority of the Group's borrowings due within one year can be renewed upon maturity. The directors believe that the Group will have sufficient funds available to meet its financial obligations in the foreseeable future based on management working capital forecast.

The following table details the Group's contractual maturity for its financial liabilities (other than bonds payable). The table has been drawn up based on the undiscounted cash flows of financial liabilities (other than bonds payable) based on the earliest date on which the Group can be required to pay. Although the maturity date of the bonds payable is 1 February 2014, the Group has classified the cash flows in respect of the bonds payable under the "3 months to 1 year" time band based on the expectation of the Group (see notes 29 and 39). The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average interest rates	On demand	Less than 1 month	1–3 months	3 months to 1 year	1–5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2012									
Non-interest bearing		—	599,262	188,986	102,851	—	—	891,099	891,099
Variable interest rate instruments	7.037	278,713	1,589	3,179	59,243	245,126	—	587,850	548,685
Fixed interest rate instruments	5.241	—	31,964	150,648	964,361	43,344	—	1,190,317	1,137,335
		278,713	632,815	342,813	1,126,455	288,470	—	2,669,266	2,577,119
As at 31 December 2011									
Non-interest bearing		—	556,687	174,083	163,983	—	—	894,753	894,753
Variable interest rate instruments	7.091	380,015	5,862	146,693	64,590	192,245	—	789,405	750,085
Fixed interest rate instruments	5.558	—	17,786	124,004	173,321	856,743	—	1,171,854	1,051,755
		380,015	580,335	444,780	401,894	1,048,988	—	2,856,012	2,696,593

The table that follows summarises the maturity analysis of term loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements, with a interest rate of 2.85%. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "on demand" time band in the maturity analysis. Taking into account the Company's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Less than 1 month	1–3 months	3 months to 1 year	1–5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2012	—	27,296	81,473	182,411	—	291,180	278,713
31 December 2011	—	29,325	86,805	304,335	—	420,465	380,015

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices; and

- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of the financial assets and financial liabilities, other than bonds payable, recorded at amortised cost at the end of the reporting period approximates their corresponding fair values.

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	31 December 2012 Level 1	31 December 2011 Level 1
	RMB'000	*RMB'000*
Financial assets at FVTPL		
— Held for trading investments	20,399	19,984

33. ACQUISITION OF A SUBSIDIARY

On 7 November 2011, the Group acquired 75% equity interests of Guizhou Guochen Department Store Co., Ltd. (貴州國晨百貨有限公司) ("Guochen") for a cash consideration of RMB40,000,000. This acquisition was accounted for using acquisition method. The amount of goodwill as a result of the acquisition was RMB22,974,000. The principal business of Guochen includes groceries, cosmetic products, and apparels.

(a) Assets acquired and liabilities recognised at the date of acquisition were as follows:

	Fair value
	RMB'000
Bank balances and cash	17,567
Other receivables	35,313
Property, plant and equipment	3,839
Trade and other payables	(33,713)
Tax payable	(305)
	22,701
Non-controlling interests (25% in Guochen)	(5,675)
Goodwill	22,974
	40,000

The gross contractual amounts of other receivables at the date of acquisition were approximate to the fair value and expected to be fully collected.

Goodwill arose in the acquisition of Guochen because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies and future market development of Guochen. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The non-controlling interests (25%) in Guochen recognised at the acquisition date were measured at the non-controlling interests' proportionate share of the recognised amounts of Guochen's identifiable net assets.

(b) Net cash outflow on acquisition:

Total cash consideration paid	40,000
Less: cash and cash equivalent balances acquired	(17,567)
	22,433

(c) Impact of acquisition on the result of the Group

Included in the profit for the year ended 31 December 2011 was RMB634,000 generated by Guochen. Revenue for the year ended 31 December 2011 included RMB6,605,000 generated from Guochen.

Had the acquisition been completed on 1 January 2011, total group revenue for the year ended 31 December 2011 would have been RMB1,303,169,000, and profit for the year ended 31 December 2011 would have been RMB340,341,000. The above pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2011, nor is it intended to be a projection of future results.

34. GOODWILL

	2012	2011
	RMB'000	*RMB'000*
COST		
Balance at beginning of year	22,974	—
Additional amounts recognised from acquisition of a subsidiary *(Note 33)*	—	22,974
Balance at end of year	22,974	22,974
ACCUMULATED IMPAIRMENT LOSSES		
Balance at beginning and end of year	—	—
CARRYING AMOUNT		
Balance at 31 December	22,974	22,974

Key assumptions of impairment testing on goodwill

For the purpose of impairment testing, goodwill has been allocated to the cash-generating unit of Guochen.

The recoverable amount of this unit has been determined based on value in use calculation.

The following describe key assumptions on which management has prepared its cash flow projections for calculating the recoverable amount when performing the impairment testing of goodwill.

Cash flow projections are based on financial budgets approved by management which covering a five-year period. Nil growth rate has been projected beyond that period.

The discount rate applied to the cash flow projections is approximately 13% per annum (2011: 10% per annum).

Management believes that any reasonably possible change in any of these assumptions would not cause impairment loss for goodwill.

35. CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of time deposits with original maturity of over three months. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	31 December 2012	31 December 2011
	RMB'000	RMB'000
Bank balances and cash	1,300,699	1,711,164
Less: Time deposits with original maturity of over 3 months	—	387,319
Cash and cash equivalents	1,300,699	1,323,845

36. OPERATING LEASE COMMITMENTS

The Group as Lessee

Operating leases relate to the stores and office premises leased with lease terms ranging from three months to twenty-five years.

Lease payment recognised as an expense:

	2012	2011
	RMB'000	*RMB'000*
Minimum lease payments	150,217	141,046
Contingent rentals	10,816	12,874
	161,033	153,920

Contingent rentals are calculated based on a certain percentage of gross revenue from concessionaire sales of the Group pursuant to the terms of the relevant rental agreements.

At the end of the reporting period, the Group was committed to making future minimum lease payments for operation of department stores and office premises rented under non-cancellable operating leases which fall due as follows:

	31 December 2012	31 December 2011
	RMB'000	*RMB'000*
Within one year	155,469	120,289
In the second to fifth year inclusive	698,087	439,863
Over five years	2,025,795	1,025,395
	2,879,351	1,585,547

The Group as Lessor

Operating leases relate to the stores owned or leased by the Group being rented out with lease terms ranging from four months to thirteen years.

Rental income recognised:

	2012	2011
	RMB'000	*RMB'000*
Minimum lease payments	46,539	32,945
Contingent rentals	13,772	19,005
	60,311	51,950

Contingent rentals are calculated based on a certain percentage of gross revenue of the tenants pursuant to the terms of the relevant rental agreements.

At the end of reporting period, the Group has contracted with tenants for the following future minimum lease payments in respect of properties rented under non-cancellable operating leases which fall due as follows:

	31 December 2012	31 December 2011
	RMB'000	*RMB'000*
Within one year	13,775	14,277
In the second to fifth year inclusive	30,157	21,460
Over five years	4,195	3,392
	48,127	39,129

37. SHARE-BASED PAYMENT TRANSACTIONS

(a) Equity-settled share option scheme

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 5 November 2009 for the primary purpose of providing incentives to directors and eligible employees. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

Details of options under the Scheme are as follows:

Option I	Date of grant	Vesting period	Exercise period	Exercise price
Tranche 1: 14,000,000	17/12/2009	17/12/2009 to 16/12/2010	17/12/2010 to 17/12/2019	HK$ 2.36
Tranche 2: 14,000,000	17/12/2009	17/12/2009 to 16/12/2011	17/12/2011 to 17/12/2019	HK$ 2.36
Tranche 3: 14,000,000	17/12/2009	17/12/2009 to 16/12/2012	17/12/2012 to 17/12/2019	HK$ 2.36

Option II	Date of grant	Vesting period	Exercise period	Exercise price
Tranche 1: 316,667	1/4/2010	1/4/2010 to 31/3/2011	1/4/2011 to 31/3/2020	HK$ 2.67
Tranche 2: 316,667	1/4/2010	1/4/2010 to 31/3/2012	1/4/2012 to 31/3/2020	HK$ 2.67
Tranche 3: 316,667	1/4/2010	1/4/2010 to 31/3/2013	1/4/2013 to 31/3/2020	HK$ 2.67

Vesting conditions:

Subject to the terms of the Scheme, the option shall only be exercisable in respect of such part thereof that has been vested in accordance with the following manner:

Fraction of the Shares covered under the option	Vesting date
1/3	First anniversary of the offer date
1/3	Second anniversary of the offer date
1/3	Third anniversary of the offer date

The option shall only be exercisable in respect of the employee still under service for the Group as at the vesting date.

(b) Movements in share options:

	Outstanding at 1 January 2012	Granted during the year	Exercised during the year	Forfeited during the year	Expired during the year	Outstanding at 31 December 2012
Option I	40,202,400	—	—	(1,136,200)	—	39,066,200
	40,202,400	—	—	(1,136,200)	—	39,066,200
Exercisable at the end of the year						39,066,200

	Outstanding at 1 January 2011	Granted during the year	Exercised during the year	Forfeited during the year	Expired during the year	Outstanding at 31 December 2011
Option I	41,421,000	—	—	(1,218,600)	—	40,202,400
Option II	950,000	—	—	(950,000)	—	—
	42,371,000	—	—	(2,168,600)	—	40,202,400
Exercisable at the end of the year						26,801,600

Option I were granted on 17 December 2009, and the estimated fair value on grant date was HK$35,405,000 (equivalent to RMB30,126,000) and Option II were granted on 1 April 2010, and the estimated fair value on grant date was HK$947,000 (equivalent to RMB833,000).

The Group recognised the total expense of RMB3,472,000 for the year ended 31 December 2012 (2011: RMB8,622,000) in relation to share options granted by the Company.

38. RELATED PARTY TRANSACTIONS

(a) Names and relationships with related parties are as follows:

Name	Relationship
Ports International Enterprises Limited ("PIEL")	Ultimate holding company, controlled by Alfred Chan and Edward Tan (the "Chan family")
Century Ports Apparel (Xiamen) Ltd. 世紀寶姿服裝(廈門)有限公司	Company controlled by PIEL
PCD Stores Limited 中國春天百貨	Company controlled by the Chan family
Scitech Group Company Limited 賽特集團有限公司	Company controlled by Alfred Chan and Edward Tan's immediate family members (the "broader Chan family")
LDP Management Limited ("LDP")	Company controlled by the broader Chan family
Ports Fashion (Xiamen) Ltd. 黛美服飾(廈門)有限公司	Company controlled by the broader Chan family
Vivienne Tam Fashion (Xiamen) Ltd. 韋薇服飾(廈門)有限公司	Company controlled by the broader Chan family
Xiamen Ruijing Chun Tian Department Co., Ltd. ("PCD Ruijing") 廈門瑞景春天百貨有限公司	Company controlled by the broader Chan family
Beijing Aishang Chuntian Electronic Business Co., Ltd. 北京愛尚春天電子商務有限公司	Company controlled by the broader Chan family

(b) The Group entered into the following significant transactions with related parties during the year:

	2012	2011
	RMB'000	*RMB'000*
Rental expense		
Scitech Group Company Limited *(Note i)*	47,710	47,710
Gift card handling expense		
Scitech Group Company Limited	2,059	—
Trademark fee		
Scitech Group Company Limited	100	100
Commission income		
Ports Fashion (Xiamen) Ltd.	4,561	5,024
Century Ports Apparel (Xiamen) Ltd.	23,947	23,947
Vivienne Tam Fashion (Xiamen) Ltd.	70	425
Beijing Aishang Chuntian Electronic Business Co., Ltd.	31	—
	28,609	29,396
Management consultancy service income		
PCD Ruijing	2,701	3,000
LDP *(Note ii)*	—	34,500
	2,701	37,500

Notes:

(i) Pursuant to a lease entered into by Scitech Group Company Limited and the Group, Scitech Group Company Limited agreed to lease to the Group with effect from 1 July 2007 the Scitech Plaza, for a term of 12 years. Scitech Group Company Limited is the owner of the Scitech Complex, consisting of an office, hotel, restaurants and retail complex, which includes Scitech Plaza.

Scitech Group entered into a lease with the Company, pursuant to which Scitech Group agreed to grant to the Company a lease with effect from 5 July 2007 for office space within the Scitech Complex, for a term of 4 years and a half, with a total area of 1,056 sq.m. After the expiration of the original lease contract on 29 December 2011, the agreement was extended for a three-year period to 31 December 2014.

(ii) The Group and LDP entered into a general outlet services agreement (the "GOSA") on 29 November 2009, pursuant to which, the Group provided to LDP services relating to the sourcing, design, preparation and acquisition of properties suitable for the operation of outlet malls in the PRC in return for a service fee of RMB36,000,000 per year. The GOSA was terminated on 15 December 2011 after the take-over of Beijing Scitech Outlets by the Group during the year ended 31 December 2011.

(c) At the end of the reporting period, the Group had the following balances with related parties:

Amounts due from related parties

	31 December 2012	31 December 2011
	RMB'000	*RMB'000*
Trade in nature		
PCD Ruijing	503	3,114
Scitech Group Company Limited	20,265	—
Beijing Aishang Chuntian Electronic Business Co., Ltd	758	—
	21,526	3,114
Non-trade in nature		
PCD Stores Limited	—	11,499
	21,526	14,613

The following is an aged analysis of amounts due from related parties which are trade in nature based on services are rendered/goods are delivered at the end of the reporting period:

	31 December 2012	31 December 2011
	RMB'000	*RMB'000*
Within 60 days	21,526	3,114

The trade credit period granted to related parties ranges from 30 days to 90 days.

None of the amounts due from related parties that are trade in nature were over 60 days at 31 December 2012 and 31 December 2011, thus the Group has not provided for impairment loss at the end of the reporting period.

The maximum balance outstanding for amounts of a non-trade in nature due from related parties during the year was as follows:

	2012	2011
	RMB'000	*RMB'000*
PCD Stores Limited	11,499	16,394

Amounts due to related parties

	31 December 2012 RMB'000	31 December 2011 RMB'000
Trade in nature		
Century Ports Apparel (Xiamen) Ltd.	16,874	23,560
Ports Fashion (Xiamen) Ltd.	3,047	4,531
Scitech Group Company Limited	—	33,906
Vivienne Tam Fashion (Xiamen) Ltd.	101	901
	20,022	62,898
Non-trade in nature		
LDP	—	1,401
	20,022	64,299

The following is an aged analysis of amount due to related parties which are trade in nature based on the invoice date at the end of the reporting period:

	31 December 2012 RMB'000	31 December 2011 RMB'000
Within 60 days	20,022	38,992
61 days to 120 days	—	16,991
121 days to 1 year	—	6,915
	20,022	62,898

(d) Compensation of key management personnel

The emoluments of key management during the year were as follows:

	2012 RMB'000	2011 RMB'000
Salaries and other benefits	7,862	5,348
Retirement benefit schemes contributions	1,400	525
Equity-settled share-based payments	188	612
	9,450	6,485

39. EVENT AFTER THE REPORTING PERIOD

The Sale Agreements

Pursuant to the Company's announcement dated 31 January 2013, the Company was informed by Bluestone Global Holdings Limited ("Bluestone", parent of the Company) and Portico Global Limited ("PGL", a shareholder of the Company) that, on 24 January 2013, Belmont Hong Kong Ltd. (the "Offeror", a wholly-owned subsidiary of Beijing Wangfujing International Commercial Development Co., Ltd. ("WFJ International")) entered into the Bluestone Sale Agreement with Bluestone 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.

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

(a) all authorisations which are required from the Ministry of Commerce of the PRC or its authorised local agency (the "MOC"), the National Development and Reform Committee of the PRC or its authorised local agency (the "NDRC"), the State-owned Assets Supervision and Administration Commission of the PRC or its authorised local agency (the "SASAC") and the State Administration of Foreign Exchange of the PRC or its authorised local agency (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 the simultaneous completion of the Bluestone Sale Agreement and the PGL Sale Agreement (the "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 of shares and the conditional mandatory cash offer by Somerley Limited (the "Somerley"), the independent financial adviser to the Offeror, on behalf of the Offeror to acquire all of the issued and to be issued ordinary shares of US$0.005 each in the capital of the Company (the "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 HK$1.20 per share in accordance with the Takeovers Code (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 of 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 Offeror's obligation to complete the purchase of the PGL Sale of shares under the PGL Sale Agreement is conditional upon the Bluestone Sale Agreement becoming unconditional in all respects.

Possible conditional mandatory cash offers

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror will, following the completion of the acquisition of the Shares under Bluestone Sale Agreement and PGL Sale Agreement, 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 of the Company pursuant to Rule 13 of the Takeovers Code.

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 dispatch of related offer document and the offeree board circular, 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.

As at the date of approval of these consolidated financial statements, the parties are in the process of obtaining relevant consent or approval from the respective PRC government authorities for execution of the Bluestone Sale Agreement.

40. CAPITAL COMMITMENTS

	31 December 2012 *RMB'000*	31 December 2011 *RMB'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	109,145	29,595

41. PARTICULARS OF SUBSIDIARIES

Name of subsidiary	Place of incorporation	Issued and fully paid-up share capital/ registered capital	Equity interest attributable to the Company as at 31 December 2012 Direct %	31 December 2012 Indirect %	31 December 2011 Direct %	31 December 2011 Indirect %	Principal activities
PCD China Real Estate	The BVI	US$1	100	—	100	—	Investment holding
Zhongshan PCD (Xiamen) Department Stores Co., Ltd. 中山巴黎春天(廈門)百貨有限公司	The PRC	US$10,204,100	—	100	—	100	Retailing business
PCD Century Business Management (Xiamen) Limited 春天世紀企業管理(廈門)有限公司	The PRC	US$19,000,000	—	100	—	100	Property leasing
PCD World Trade (Xiamen) Co., Ltd. 廈門世貿巴黎春天百貨有限公司	The PRC	RMB3,000,000	—	100	—	100	Retailing business
PCD Continental Department Stores (Xiamen) Co., Ltd. 廈門大陸春天百貨有限公司 (Formerly known as "廈門大陸來雅百貨有限公司")	The PRC	RMB1,000,000	—	100	—	100	Retailing business
PCD Stores (Taiyuan) Co., Ltd. 太原巴黎春天百貨有限公司	The PRC	RMB5,000,000	—	100	—	100	Retailing business
Zhongshan PCD Stores (Qingdao) Limited 青島中山巴黎春天百貨有限公司	The PRC	RMB5,000,000	—	100	—	100	Retailing business
Laiya Department Management (Xiamen) Co., Ltd. 廈門來雅百貨管理有限公司	The PRC	RMB1,000,000	—	100	—	100	Operation and management of department stores

Name of subsidiary	Place of incorporation	Issued and fully paid-up share capital/ registered capital	Equity interest attributable to the Company as at 31 December 2012 Direct %	Indirect %	31 December 2011 Direct %	Indirect %	Principal activities
PCD Department Stores (Guangxi) Co., Ltd. 廣西巴黎春天百貨有限公司	The PRC	RMB5,000,000	—	100	—	100	Retailing business
PCD Retail Management Inc. ("PCD Retail Management")	The BVI	—	—	99.2	—	99.2	Operation and management of department stores
Beijing Scitech Department Stores Co., Ltd. 北京賽特百貨有限公司 (Formerly known as "北京中山春天百貨有限公司")	The PRC	RMB274,000,000	—	100	—	100	Retailing business
PCD Retail Operations	The BVI	—	100	—	100	—	Investment holding
Xian Century Changan Property Investment Limited. 西安世紀長安物業投資管理有限公司	The PRC	RMB390,000,000	—	100	—	100	Property investment and management of department stores
PCD Stores Information Consulting (Xiamen) Limited. 廈門巴黎春天百貨信息諮詢有限公司	The PRC	RMB2,000,000	—	100	—	100	Information consulting
PCD Development Limited (Formerly known as "Dragon Talent Development Limited")	Hong Kong	—	—	100	—	100	Investment holding
PCD Operations HK Limited (Formerly known as "Well Power Enterprise Limited")	Hong Kong	—	—	100	—	100	Investment holding
PCD Jiahe Trading and Commerce (Xiamen) Company Limited ("PCD Jiahe") 嘉禾春天商貿(廈門)有限公司	The PRC	HK$5,000,000	—	100	—	100	Retailing business
Qingdao Century Chuntian Information Consulting Co., Ltd. 青島世紀春天信息諮詢有限公司	The PRC	RMB1,000,000	—	100	—	100	Information consulting
Beijing Yuanyongxin Information Consulting Company Limited 北京源永信信息諮詢有限公司	The PRC	RMB1,000,000	—	100	—	100	Information consulting

Name of subsidiary	Place of incorporation	Issued and fully paid-up share capital/ registered capital	Equity interest attributable to the Company as at 31 December 2012 Direct %	Indirect %	31 December 2011 Direct %	Indirect %	Principal activities
Xiamen Lotus Department Stores Co., Ltd. ("PCD Lotus") 廈門蓮花百貨有限公司	The PRC	RMB10,000,000	—	100	—	100	Retailing business
Goal Gain Investments Limited	The BVI	US$1	100	—	100	—	Investment holding
Gain Win Limited	Hong Kong	US$1,000	—	100	—	100	Investment holding
Guomao Guangchang Commercial Trading Co., Ltd. 貴陽國貿廣場商貿有限公司	The PRC	RMB16,000,000	—	75	—	75	Retailing business
Guiyang Nanguo Huajin Department Stores Limited 貴陽南國花錦春天百貨有限公司	The PRC	RMB10,000,000	—	75	—	75	Retailing business
Liupanshui Guomao Guangchang Chun Tian Department Stores Limited 六盤水國貿廣場春天百貨有限公司	The PRC	RMB5,000,000	—	75	—	75	Retailing business
Guiyang Guomao Chun Tian Real Estate Company Limited 貴陽國貿春天房地產開發有限公司	The PRC	RMB10,000,000	—	75	—	75	Retailing business
Guiyang Dingshunda Culture & Media Company Limited 貴陽鼎順達網絡科技文化傳播有限公司	The PRC	RMB1,000,000	—	75	—	75	Retailing business
Hangzhou Xiaoshan Chun Tian Outlet Commerce &Trading Company Limited 杭州蕭山春天奧特萊斯商貿有限公司	The PRC	US$25,000,000	—	100	—	100	Retailing business
Qingdao Four Seasons Chun Tian Guangchang Company Limited 青島四季春天廣場有限公司	The PRC	RMB5,000,000	—	70	—	70	Retailing business
Sihui Commerce & Trading Company Limited (Xiamen) 絲輝商貿廈門有限公司	The PRC	RMB5,000,000	—	100	—	100	Property investment and management of department stores
Shenyang Scitech Outlet Commerce & Trading Company Limited 瀋陽賽特奧萊商貿有限公司	The PRC	US$25,000,000	—	100	—	100	Retailing business
Even Time Investments Limited	The BVI	US$1	100	—	100	—	Investment holding
Prime Wave Limited	Hong Kong	US$100	—	100	—	100	Investment holding

Name of subsidiary	Place of incorporation	Issued and fully paid-up share capital/ registered capital	Equity interest attributable to the Company as at 31 December 2012 Direct %	Indirect %	31 December 2011 Direct %	Indirect %	Principal activities
Beijing Scitech Outlets Commerce & Trading Co. Ltd. 北京賽特奥特萊斯商貿有限公司	The PRC	US$10,000,000	—	100	—	100	Retailing business
Beijing Chuntian Real Estate Co., Ltd. 北京春天房地產開發有限公司	The PRC	RMB10,000,000	—	100	—	100	Property leasing
Universe River Real Estate (Xiamen) Ltd. 巴黎春天物產經營(廈門)有限公司	The PRC	RMB42,026,500	100	—	100	—	Property management
Guizhou Guochen Department Store Co., Ltd 貴陽國晨百貨有限公司	The PRC	RMB2,000,000	—	75	—	75	Retailing business
Guiyang Trade Mall Co., Ltd. 貴陽國貿時代購物中心有限公司	The PRC	RMB20,000,000	—	75	—	75	Retailing business
Beijing Anrui Chuntian Property Management Ltd. 北京安瑞物業管理有限公司	The PRC	RMB1,000,000	—	60	—	60	Property management
Shanxi Chuntian Catering Co., Ltd. 山西春天餐飲有限公司	The PRC	RMB5,000,000	—	51	—	51	Catering business
Shanxi Scitech Guomao Co., Ltd. 陝西賽特國貿有限公司*	The PRC	RMB100,000,000	—	100	—	—	Retailing business
Liaoning Shengjing Hotel Management Co., Ltd. 遼寧聖鯨酒店管理有限公司*	The PRC	RMB7,000,000	—	51	—	—	Catering business
Beijing Shangmei Chuntian Electronic Business Co., Ltd. 北京尚美春天電子商務有限公司*	The PRC	RMB10,000,000	—	100	—	—	Retailing business
Beijing Pin Wei Ba Fang Catering Management Co. Ltd. 北京品味八方餐飲管理有限公司*	The PRC	RMB10,000,000	—	100	—	—	Catering business

* Newly established during the year ended 31 December 2012.

All the PRC subsidiaries of the Company are limited liability companies.

Other than the bonds issued by the Company, none of the subsidiaries had issued any debt securities at the end of the year.

42. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	31 December 2012 *RMB'000*	31 December 2011 *RMB'000*
Non-current Assets		
Property, plant and equipment	12	9
Investments in subsidiaries	1,647,063	1,039,428
Amounts due from subsidiaries	192,105	679,555
Deferred tax assets	—	—
	1,839,180	1,718,992
Current Assets		
Prepayments, trade and other receivables	350	19,964
Amounts due from subsidiaries	232,463	6,044
Held for trading investments	20,399	19,984
Bank balances and cash	211,754	722,033
	464,966	768,025
Current Liabilities		
Trade and other payables	134	742
Bonds payable	748,335	16,406
Dividend payables to owners of the Company	157	129
Amount due to subsidiaries	—	—
	748,626	17,277
NET CURRENT (LIABILITIES) ASSETS	(283,660)	750,748
TOTAL ASSETS LESS CURRENT LIABILITIES	1,555,520	2,469,740
NON-CURRENT LIABILITIES		
Bonds payable	—	743,349
Deferred tax liabilities	13,855	13,855
	13,855	757,204
	1,541,665	1,712,536
Capital and Reserves		
Share capital	143,769	144,271
Share premium and reserves	1,397,896	1,568,265
Total equity	1,541,665	1,712,536

Movement in reserves

	Share premium *RMB'000*	Capital redemption reserve *RMB'000*	Translation reserve *RMB'000*	Share options reserve *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*
At 1 January 2011	1,890,017	—	(25,299)	18,655	(119,722)	1,763,651
Profit and total comprehensive income for the year	—	—	—	—	(47,683)	(47,683)
Recognition of share-based payments	—	—	—	8,622	—	8,622
Payment of dividends	—	—	—	—	(156,325)	(156,325)
At 31 December 2011	1,890,017	—	(25,299)	27,277	(323,730)	1,568,265
Profit and total comprehensive income for the year	—	—	—	—	(43,388)	(43,388)
Recognition of share-based payments	—	—	—	3,472	—	3,472
Payment of dividends	—	—	—	—	(122,378)	(122,378)
Share repurchase and cancelled	(8,075)	502	—	—	(502)	(8,075)
At 31 December 2012	1,881,942	502	(25,299)	30,749	(489,998)	1,397,896

3. INDEBTEDNESS

As at 30 April 2013, being the latest practicable date for the purpose of ascertaining information contained in the indebtedness statement prior to the printing of this Composite Document, the total outstanding borrowings, bond payable and amount due to related parties of the Group approximately amounted to RMB1,536.3 million, and details of which are set out below:

	RMB million
Secured bank borrowings *(Note)*	704.7
Unsecured bank borrowings	71.5
Bond payable	743.2
Amount due to related parties	16.9
Total	1,536.3

Notes:

The secured bank borrowings of the Group were secured by:

(i) certain of the Group's land use rights and buildings, respectively, with an aggregate carrying amount of RMB9.4 million and RMB920.4 million; and

(ii) restricted bank deposits of RMB62.1 million.

As at 30 April 2013, the Group had no material contingent liabilities and commitments.

Save as aforesaid, and apart from intra-group liabilities and the payables incurred in the ordinary course of business, as at 30 April 2013, the Group did not have any loan capital outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance or acceptable credits, debentures, mortgages, charges, pledges, finance lease commitments, guarantees or other material contingent liabilities.

The Directors confirm there were no material changes in the Group's indebtedness position and contingent liabilities since 30 April 2013 up to and including the Latest Practicable Date.

4. MATERIAL CHANGES

The Directors confirm that there are no material changes in the financial or trading position or outlook of the Group since 31 December 2012, the date to which the latest audited consolidated financial statements of the Group were made up.

The following is the text of a letter, summary of valuations and valuation certificates prepared for the purpose of incorporation in this Composite Document received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with its opinion of value of the property interests of PCD Stores (Group) Limited as at 30 April 2013.

16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

2 July 2013

The Directors
PCD Stores (Group) Limited
Suite 3310–11, Tower One
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Dear Sirs,

INSTRUCTIONS, PURPOSE & DATE OF VALUATION

In accordance with your instructions for us to value the property interests of PCD Stores (Group) Limited (referred to as the "Company"), its subsidiaries and associated companies (together referred to as the "Group") in the People's Republic of China (the "PRC") (as more particularly described in the attached valuation certificates), we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of such property interests as at 30 April 2013.

As advised by the Company, the associated companies of the Group have no property interests.

DEFINITION OF MARKET VALUE

Our valuation of each of the properties represents its market value which in accordance with The HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors is defined as "the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

VALUATION BASIS AND ASSUMPTIONS

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities published by The Stock Exchange of the Hong Kong Limited and The HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors.

Our valuations exclude any estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In the course of our valuation of the properties in the PRC, we have relied on the information and advice given by the Company and its legal adviser, China Commercial Law Firm (華商律師事務所) regarding the title to each of the properties and the interests of the Group in the properties.

In respect of the properties situated in the PRC, the status of titles and grant of major certificates approvals and licences, in accordance with the information provided by the Group are set out in the notes of the respective valuation certificate.

For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers and as advised by the Group, the potential tax liabilities which may arise from the sale of the properties include:

(a) business tax at a rate of 5% of consideration for the property in the PRC;

(b) profits tax on the profit from the sale at rate of 25% for the property in the PRC; and

(c) land value appreciation tax for the property in the PRC at progressive tax rates ranging from 30% to 60% on the appreciation in property value from not more than 50% to more than 200%.

The Group advises that in respect of the properties held by the Group in the PRC, the potential tax liabilities is estimated to be approximately RMB956,045,000 would arise if such properties were to be sold at the amount of the valuations. Depending on the then sales status, there is less likelihood of such tax liability referred to above for those properties being crystallized, as the Group has no plan yet for the disposal of such property interests. The above amounts are for indicative purposes and are calculated based on prevailing rules and information available as at the Latest Practicable Date.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale.

METHOD OF VALUATION

For properties in Group I, which are held and used by the Group in the PRC, we have used the direct comparison approach assuming sale of the properties in its existing state by making reference to comparable market transactions as available in the relevant market.

For properties in Group II, which are held by the Group for investment in the PRC, they have been valued either on the basis of capitalization of net income derived from the existing tenancies with allowance for the reversionary income potential of the properties or by reference to comparable market transactions as available in the relevant market.

In valuing the properties in Groups III and IV which are held by the Group under development or for future development respectively in the PRC, we have valued on the basis that each of these properties will be developed and completed in accordance with the Group's latest development proposals provided to us (if any). We have assumed that all consents, approvals and licences from relevant government authorities for the development proposals have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the development are in compliance with the local planning regulations and have been approved by the relevant authorities. In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development. The "market value when completed" represents our opinion of the aggregate selling prices of the development assuming that it were completed as at the date of valuation.

SOURCES OF INFORMATION

We have been provided by the Group with extracts of documents in relation to the titles to the properties. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

In the course of our valuation, we have relied to a very considerable extent on the information given to us by the Group and its legal adviser, China Commercial Law Firm (華商律師事務所) regarding the title to each of the properties and the interests of the Group in the properties. We have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, completion date of buildings, number of car parking spaces, particulars of occupancy, site and floor areas, interest attributable to the Group and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificates are based on information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuations. We were also advised by the Group that no material facts have been omitted from the information provided.

TITLE INVESTIGATION

We have been provided with extracts of documents relating to the titles of the properties in the PRC, but no searches have been made in respect of the properties. We have not searched the original documents to verify ownership or to ascertain any amendment which may not appear on the copies handed to us.

SITE INSPECTION

We have inspected the exterior and, whenever possible, the interior of the properties in 2013. However, we have not carried out investigation on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period. No structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Unless otherwise stated, we have not been able to carry out on-site measurements to verify the site and floor areas of the properties and we have assumed that the area shown on the documents handed to us are correct.

CURRENCY

Unless otherwise stated, all sums stated in our valuations are in Renminbi, the official currency of the PRC.

We enclose herewith a summary of our valuations and our valuation certificates.

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited
Andrew K.F. Chan
Registered Professional Surveyor (GP)
Registered China Real Estate Appraiser
MSc., M.H.K.I.S., M.R.I.C.S.
Senior Director

Note: Mr. Andrew K.F. Chan is a Registered Professional Surveyor who has over 25 years' of experience in the valuation of properties in the PRC.

SUMMARY OF VALUATIONS

	Property	Market value in existing state as at 30 April 2013	Interest attributable to the Group	Market value in existing state attributable to the Group as at 30 April 2013
		RMB	*%*	*RMB*
Group I — Properties held and operated by the Group in the PRC				
1.	Beijing Scitech Premium Outlet Mall, No. 28 Xiangjiang North Road, Chaoyang District, Beijing, the PRC	No commercial value	100	No commercial Value (see Note 1 Below)
2.	PCD Taiyuan, Basement to Level 7, Times Plaza, No. 53 Dongmeshi Road, Yingze District, Taiyuan, Shanxi Province, the PRC	230,000,000	100	230,000,000
3.	PCD Xian Phase 1, Basement, Level 1 and part of Level 2, Xian Chang'an Metropolis Center, No. 88 Nanguanzheng Street, Beilin District, Xian, Shaanxi Province, the PRC	547,000,000	100	547,000,000

Note 1: In the course of our valuation, we have ascribed no commercial value to the property on the ground that the Group has not obtained the valid State-owned Land Use Rights Certificate and Building Ownership Certificate of the property. Had the Group obtained the State-owned Land Use Rights Certificate and Building Ownership Certificate of the property, the market value of the property in its existing state as at the date of valuation assuming the land premium has been settled in full would be RMB1,179,000,000.

	Property	Market value in existing state as at 30 April 2013	Interest attributable to the Group	Market value in existing state attributable to the Group as at 30 April 2013
		RMB	*%*	*RMB*
4.	PCD Xian Phase 2, Basement to Level 7, No. 66 Nanguanzheng Street, Beilin District, Xian, Shaanxi Province, the PRC	1,053,000,000	100	1,053,000,000
5.	PCD Qingdao, Levels 1 to 5, Shenye Centre, No.9 Shandong Road, Shinan District, Qingdao, Shandong Province, the PRC	306,000,000	100	306,000,000
6.	PCD Xiamen Zhongshan Store, Levels 1 to 2 and 4 to 6, Nos. 76 to 132 Zhongshan Road, Siming District, Xiamen, Fujian Province, the PRC	547,000,000	100	547,000,000
7.	PCD Xiamen Jiahe Store, Levels 1 to 5, Nos. 261 to 265 Jiahe Road, Siming District, Xiamen, Fujian Province, the PRC	348,000,000	100	348,000,000
8.	Guiyang Guomao, Basement 1 to Level 5 of Guomao Square, No. 1 Zhonghua North Road, and Levels 1 to 2 of Guoyi Building, No. 3 Zhonghua North Road, Yunyan District, Guiyang, Guizhou Province, the PRC	385,000,000	75	288,750,000
9.	Guiyang Nanguo Huajin, Basement 1 to Level 8 of Zhenhua Kaidu Building, No. 108 Zhonghua Central Road, Yunyan District, Guiyang, Guizhou Province, the PRC	703,000,000	75	527,250,000

	Property	Market value in existing state as at 30 April 2013	Interest attributable to the Group	Market value in existing state attributable to the Group as at 30 April 2013
		RMB	*%*	*RMB*
10.	A residential unit of Block A, No. 59 Zhongshan Central Road, Zhongshan District, Liupanshui, Guizhou Province, the PRC	1,150,000	75	862,500
	Sub-total of Group I	**4,120,150,000**		**3,847,862,500**

Group II — Properties held by the Group in the PRC for investment

	Property	Market value in existing state as at 30 April 2013	Interest attributable to the Group	Market value in existing state attributable to the Group as at 30 April 2013
11.	Eastern and western portions of Level 3, Zhujiang Square, No. 2 Longkunbei Road, Longhua District, Haikou, Hainan Province, the PRC	92,500,000	100	92,500,000
12.	Various commercial units on Level 1, No. 17 Zhengkejia Lane, Jinjiang District, Chengdu, Sichuan Province, the PRC	35,000,000	100	35,000,000
	Sub-total of Group II	**127,500,000**		**127,500,000**

	Property	Market value in existing state as at 30 April 2013	Interest attributable to the Group	Market value in existing state attributable to the Group as at 30 April 2013
		RMB	*%*	*RMB*
Group III — Property held by the Group in the PRC under development				
13.	The under development situated at the junction of Gongyuan North Road and Hexi Road, Yunyan District, Guiyang, Guizhou Province, the PRC	192,000,000	75	144,000,000
	Sub-total of Group III	**192,000,000**		**144,000,000**
Group IV — Property held by the Group in the PRC for future development				
14.	A parcel of land situated at Rujin Road, Nanming District, Guiyang, Guizhou Province, the PRC	602,000,000	37.5	225,750,000
	Sub-total of Group IV	**602,000,000**		**225,750,000**
	Grand total of Groups I to IV	**5,041,650,000**		**4,345,112,500**

VALUATION CERTIFICATE

Group I — Properties held and operated by the Group in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2013
1.	Beijing Scitech Premium Outlet Mall, No. 28 Xiangjiang North Road, Chaoyang District, Beijing, the PRC	The property comprises an outlet mall erected on a parcel of land with a total site area of approximately 21,297 sq.m. The mall comprises several 2-storey buildings with a basement. Completed in 2009, the property has a total gross floor area of approximately 41,948 sq.m. The land of the property is held by 北京市朝陽區崔各莊鄉馬泉營村民委員會 (Committee of Maquanying Village, Cuigezhuang Xiang, Chaoyang District, Beijing).	The property is operated by the Group as an outlet mall.	No commercial value

Notes:

1. In the course of our valuation, we have ascribed no commercial value to the property on the ground that the Group has not obtained the valid State-owned Land Use Rights Certificate and Building Ownership Certificate of the property. Had the Group obtained the State-owned Land Use Rights Certificate and Building Ownership Certificate of the property, the market value of the property in its existing state as at the date of valuation assuming the land premium has been settled in full would be RMB1,179,000,000.

2. According to Cooperation Contract entered into between 北京市朝陽區崔各莊鄉馬泉營村民委員會 (Committee of Maquanying Village, Cuigezhuang Xiang, Chaoyang District, Beijing) (Party A) and 北京春天房地產開發有限公司 (Beijing Chuntian Real Estate Co. Ltd.) (Party B) on 26 September 2007, both parties agreed to develop jointly the property for a term of 30 years from the date of signing the contract.

   Party A agreed to contribute the subject land for the investment and Party B agreed to contribute the capital to build the property and is responsible for management and operation of the property.

   北京春天房地產開發有限公司 (Beijing Chuntian Real Estate Co. Ltd.) is a 100% indirect wholly-owned subsidiary of the Company.

3. According to Planning Permit for Construction Use of Land No. (2009) 0035 issued by Urban Planning Bureau of Beijing on 23 June 2009, the construction site of a parcel of land with an area of 10,748.82 sq.m. is in compliance with the requirements of urban planning.

4. According to Planning Permit for Construction Works No. (2009) 0167 issued by Urban Planning Bureau of Beijing on 9 July 2009, the construction works of the property with a gross floor area of 6,436 sq.m. are in compliance with the construction works requirements and have been approved.

5. According to Business Licence No. 110105010444827 dated 15 December 2011, 北京春天房地產開發有限公司 (Beijing Chuntian Real Estate Co. Ltd.) has been established as limited Company with a registered capital of RMB10,000,000 and an operation period from 29 August 2007 to 28 August 2027.

6. We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, *inter alia*, the following information:

   (i) The land use rights of the property is held by 北京市朝陽區崔各莊鄉馬泉營村民委員會(Committee of Maquanying Village, Cuigezhuang Xiang, Chaoyang District, Beijing);

   (ii) The design and construction of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and

   (iii) 北京春天房地產開發有限公司 (Beijing Chuntian Real Estate Co. Ltd.) is in possession of the building ownership of the property and is entitled to use, transfer and lease building ownership of the property with the residual term of cooperation with 北京市朝陽區崔各莊鄉馬泉營村民委員會 (Committee of Maquanying Village, Cuigezhuang Xiang, Chaoyang District, Beijing).

7. The status of title and grant of major approvals and licence in accordance with the information provided by the Group are as follows:

State-owned Land Use Rights Certificate	No
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Building Ownership Certificate	No
Business Licence	Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2013
2.	PCD Taiyuan, Basement to Level 7, Times Plaza, No. 53 Dongmeshi Road, Yingze District, Taiyuan, Shanxi Province, the PRC	The property comprises the Basement to Level 7 of a commercial podium on which a composite development is erected. Completed in 2006, the property has a total gross floor area of approximately 20,491.91 sq.m. The property is held with land use rights for a term due to expire on 1 December 2040 for commercial use.	The property is operated by the Group as a department store.	RMB230,000,000 (100% interest attributable to the Group RMB230,000,000)

Notes:

1. According to the Sale and Purchase Agreement entered into between 山西御花園時代廣場有限公司 ("Party A",) and 太原巴黎春天百貨有限公司 (PCD Stores (Taiyuan) Co., Ltd.) ("Party B") on December 2011, Party B acquired portion of the equity interest of the property including portions of Basement, Level 1 and Level 2 of the property with a total gross floor area of 5,843.89 sq.m.

   According to the Sale and Purchase Agreement entered into between 山西中聯集團股份有限公司 ("Party C") and 太原巴黎春天百貨有限公司 (PCD Stores (Taiyuan) Co., Ltd.) ("Party B") on December 2011, Party B acquired portion of the equity interest of the property including Level 3 to Level 7 of the property with a total gross floor area of 14,648.02 sq.m.

   太原巴黎春天百貨有限公司 (PCD Stores (Taiyuan) Co., Ltd.) is a 100% indirect wholly-owned subsidiary of the Company.

2. According to State-owned Land Use Rights Certificate No. (2004) 00140, the land use rights of the portion of the property, comprising an allocated site area of 677.59 sq.m. have been vested in 山西御花園時代廣場有限公司 for a term due to expire on 1 December 2040 for commercial use.

   According to State-owned Land Use Rights Certificate No. (2006) 00332, the land use rights of the portion of the property, comprising an allocated site area of 2,123.75 sq.m. have been vested in 山西中聯集團股份有限公司 for a term due to expire on 1 December 2040 for commercial use.

   According to State-owned Land Use Rights Certificate No. (2013) 00066, the land use rights of the portion of the property, comprising an allocated site area of 233.41 sq.m. have been vested in 山西中聯集團股份有限公司 for a term due to expire on 1 December 2040 for commercial use.

3. According to seven Building Ownership Certificates, the building ownership of the property, having a total gross floor area of approximately 21,747.72 sq.m. for commercial use, has been vested in the previous owner of the property. The details are summarized as follows:

Certificate No.	**Floor level**	**Previous owner in the Building Ownership Certificate**	**Gross Floor Area** *(sq.m.)*
00135238	Basement and Level 1	山西御花園時代廣場有限公司	4,734.42
00129084	Level 2	山西御花園時代廣場有限公司	2,365.28
S201301783	Level 3	山西中聯集團股份有限公司	2,829.19
S201301785	Level 4	山西中聯集團股份有限公司	2,829.19
S201301784	Level 5	山西中聯集團股份有限公司	2,829.19
S201301786	Level 6	山西中聯集團股份有限公司	3,115.84
00150968	Level 7	山西中聯集團股份有限公司	3,044.61
		Total	**21,747.72**

太原巴黎春天百貨有限公司 (PCD Stores (Taiyuan) Co., Ltd.) had acquired the entire interest pursuant to two sale and purchase agreements both on December 2011 with a total gross floor area of approximately 20,491.91 sq.m. and is the owner of the property.

As advised by the Group, the process of the change of name of owner in the above Building Ownership Certificates to 太原巴黎春天百貨有限公司 (PCD Stores (Taiyuan) Co., Ltd.) has been commenced and will be completed in July 2013.

4. According to Business Licence No 140100400005741 dated 7 July 2010, 太原巴黎春天百貨有限公司 (PCD Stores (Taiyuan) Co., Ltd.) has been established as limited Company with a registered capital of RMB5,000,000 and an operation period from 26 June 2006 to 25 June 2030.

5. We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, *inter alia*, the following information:

(i) The State-owned Land Use Rights Certificates and Building Ownership Certificates of the property are legal, valid and enforceable under the PRC laws;

(ii) 太原巴黎春天百貨有限公司 (PCD Stores (Taiyuan) Co., Ltd.) is in possession of a proper legal title to the property and is entitled to use, transfer, lease, mortgage and dispose of the land use rights and building ownership of the property with the residual term of its land use rights provided that the process of change of name of the owner of the property in the Building Ownership Certificates as been finished; and

(iii) 太原巴黎春天百貨有限公司 (PCD Stores (Taiyuan) Co., Ltd.) has no legal impediment to obtain the Building Ownership Certificates of the property with its name as owner.

6. The status of title and grant of major approvals and licence in accordance with the information provided by the Group are as follows:

State-owned Land Use Rights Certificates	Yes
Building Ownership Certificates	Yes
Business Licence	Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2013
3.	PCD Xian Phase 1, Basement, Level 1 and part of Level 2, Xian Chang'an Metropolis Center, No. 88 Nanguanzheng Street, Beilin District, Xian, Shaanxi Province, the PRC	The property comprises the Basement, Level 1 and part of Level 2 of a 4-storey commercial podium on which a composite development is erected. Completed in 2006, the property has a total gross floor area of approximately 21,310.12 sq.m. The property is held with land use rights for a term from 20 November 1997 to 20 November 2037 for commercial use.	The property is operated by the Group as a department store.	RMB547,000,000 (100% interest attributable to the Group RMB547,000,000)

Notes:

1. According to two Building Ownership Certificates both dated 25 May 2006, the ownership of the property, having a site area of approximately 5,658.4 sq.m. and a total gross floor area of approximately 28,135.08 sq.m. for composite use, has been vested in 西安世紀長安物業投資管理有限公司 (Xian Century Chang'an Property Investment Ltd.). The details are summarized as follows:

Unit	Certificate No.	Gross Floor Area *(sq.m.)*
Basement and Level 1	1100106020I-30-1-10101-1	19,035.75
Level 2 and Level 3	1100106020I-30-1-10201-1	9,099.33
	Total	**28,135.08**

   西安世紀長安物業投資管理有限公司 (Xian Century Chang'an Property Investment Ltd.) is a 100% indirect wholly-owned subsidiary of the Company and is the owner of the property.

2. According to Sale and Purchase Agreement No. SJBL (2007) 001 entered into between Wang Ke, Yang Hu, Feng Ying ("Party A"), PCD Real Estate (Xiamen) ("Party B") and Shaanxi Chang'an Construction Investment Development Co., Ltd. ("Party C") on 22 July 2007, Party B acquired the entire equity interest in 西安世紀長安物業投資管理有限公司 (Xian Century Chang'an Property Investment Ltd.). Under the agreement, Party B does not have a right to enjoy the legal interest of part of the gross floor area stated in Building Ownership Certificate No. 1100106020I-30-1-10201-1 of approximately 6,824.96 sq.m.

3. According to a tenancy agreement entered into between 西安世紀長安物業投資管理有限公司 (Xian Century Chang'an Property Investment Ltd.) ("Party A") and Shaanxi Saite International Trade Department Store Co., Ltd. (陝西賽特國貿百貨有限公司) ("Party B") on 1 January 2013, Party A agreed to lease Basement, Level 1 and Level 2 of Blocks A and D, having a total gross floor area of approximately 21,310 sq.m., to Party B for a term commencing from I January 2013 to 31 December 2014 at annual rent of RMB13,000,000.

4. According to Business Licence No. 610100100012385 dated 19 March 2008, 西安世紀長安物業投資管理有限公司 (Xian Century Chang'an Property Investment Ltd.) has been established as a limited Company with a registered capital of RMB390,000,000 and an operation period from 12 September 1995 to 29 September 2030.

5. We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, *inter alia*, the following information:

   (i) The Building Ownership Certificates of the property are legal, valid and enforceable under the PRC laws;

   (ii) The property is subject to a Charge in favour of The Bank of East Asia Xian Branch; and

   (iii) 西安世紀長安物業投資管理有限公司 (Xian Century Chang'an Property Investment Ltd.) is in possession of a proper legal title to the property and is entitled to use, transfer, lease, mortgage and dispose of the land use rights and building ownership of the property with the residual term of its land use rights provided that the charge has been discharged or with the bank's consent in advance.

6. The status of title and grant of major approvals and licence in accordance with the information provided by the Group are as follows:

Building Ownership Certificates	Yes
Business Licence	Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2013
4.	PCD Xian Phase 2, Basement to Level 7, No. 66 Nanguanzheng Street, Beilin District, Xian, Shaanxi Province, the PRC	The property comprises the Basement to Level 7 of a commercial podium on which a composite development is erected. Completed in 2013, the property has a total gross floor area of approximately 67,454 sq.m. The property is held with land use rights for a term due to expire on 12 January 2048 for commercial and finance uses.	At the date of valuation, the property was vacant.	RMB1,053,000,000 (100% interest attributable to the Group RMB1,053,000,000)

Notes:

1. According to State-owned Land Use Rights Certificate No. (2008) 182 issued by People's Government of Xian on 11 April 2008, the land use rights of the property comprising a total site area of 5,565.60 sq.m. have been vested in西安世紀長安物業投資管理有限公司 (Xian Century Chang'an Property Investment Ltd.) for a term due to expire on 12 January 2048 for commercial and finance uses.

   According to State-owned Land Use Rights Certificate No. (2008) 423 issued by People's Government of Xian on 25 July 2008, the land use rights of the property comprising a total site area of 497.70 sq.m. have been vested in西安世紀長安物業投資管理有限公司 (Xian Century Chang'an Property Investment Ltd.) for a term due to expire on 12 January 2048 for commercial and finance uses.

   西安世紀長安物業投資管理有限公司 (Xian Century Chang'an Property Investment Ltd.) is a 100% indirect wholly-owned subsidiary of the Company and is the owner of the property.

2. According to Planning Permit for Construction Use of Land No. (2008) 146 issued by Urban Planning Bureau of Xian City on 20 October 2008, the construction site of a parcel of land with an area of 9.275 mu is in compliance with the requirements of urban planning.

3. According to Planning Permit for Construction Works No. (2008) 054 issued by Planning Administrative Bureau of Xian on 9 September 2008, the construction works of the whole development with a gross floor area of 114,486 sq.m. are in compliance with the urban planning requirements and have been approved.

4. According to Business Licence No. 610100100012385 dated 19 March 2008, 西安世紀長安物業投資管理有限公司 (Xian Century Chang'an Property Investment Ltd.) has been established as a limited Company with a registered capital of RMB390,000,000 and an operation period from 12 September 1995 to 29 September 2030.

5. We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, *inter alia*, the following information:

   (i) The State-owned Land Use Rights Certificates of the property are legal, valid and enforceable under the PRC laws;

   (ii) All land premium and other costs of ancillary utilities services have been fully settled;

   (iii) The design and construction of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and

(iv) 西安世紀長安物業投資管理有限公司 (Xian Century Chang'an Property Investment Ltd.) is in possession of a proper legal title to the property and is entitled to use, transfer, lease, mortgage and dispose of the land use rights and building ownership of the property with the residual term of its land use rights.

6. The status of title and grant of major approvals and licence in accordance with the information provided by the Group are as follows:

State-owned Land Use Rights Certificates	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Business Licence	Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2013
5.	PCD Qingdao, Levels 1 to 5, Shenye Centre, No.9 Shandong Road, Shinan District, Qingdao, Shandong Province, the PRC	The entire development, known as Shenye Centre, comprises two 33-storey office buildings and a residential block erected over a 6-storey commercial podium completed in 1997. The property comprises Levels 1 to 5 of the commercial podium of Shenye Centre, which was renovated in 2006. The property has a total gross floor area of approximately 19,086.74 sq.m. The property is held with land use rights for a term due to expire on 25 January 2044 for commercial use.	The property is operated by the Group as a department store.	RMB306,000,000 (100% interest attributable to the Group RMB306,000,000)

Notes:

1. According to five Building Ownership Certificates all dated 25 June 2012, the building ownership of the property with a total gross floor area of approximately 19,086.74 sq.m. for commercial use, has been vested in 春天世紀企業管理(廈門)有限公司 (PCD Century Business Management (Xiamen) Limited). The details are summarized as follows:

Certificate No.	Floor Level	Gross Floor Area *(sq.m.)*
201252523	Level 1	3,456.21
201252521	Level 2	4,002.74
201252526	Level 3	3,901.35
201252522	Level 4	3,901.35
201252525	Level 5	3,825.09
	Total	**19,086.74**

春天世紀企業管理(廈門)有限公司 (PCD Century Business Management (Xiamen) Limited) is a 100% indirect wholly-owned subsidiary of the Company and is the owner of the property.

2. According to Business Licence No. 350200400003728 dated 14 September 2012, 春天世紀企業管理(廈門)有限公司 (PCD Century Business Management (Xiamen) Limited) has been established as a limited Company with a registered capital of RMB19,000,000 and an operation period from 28 April 2002 to 27 April 2052.

3. We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, *inter alia*, the following information:

(i) The Building Ownership Certificates of the property are legal, valid and enforceable under the PRC laws;

(ii) The property is subject to a charge in favour of Citic Bank Xiamen Branch; and

(iii) 春天世紀企業管理(廈門)有限公司 (PCD Century Business Management (Xiamen) Limited) is in possession of a proper legal title to the property and is entitled to use, transfer, lease, mortgage and dispose of the land use rights and building ownership of the property with the residual term of its land use rights provided that the charge has been discharged or with the bank's consent in advance.

4. The status of title and grant of major approvals and licence in accordance with the information provided by the Group are as follows:

Building Ownership Certificates	Yes
Business Licence	Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2013
6.	PCD Xiamen Zhongshan Store, Levels 1 to 2 and 4 to 6, Nos. 76 to 132 Zhongshan Road, Siming District, Xiamen, Fujian Province, the PRC	The subject department store comprises part of the basement, and Levels 1 to 6 of a commercial building completed in 1997. The property comprises Levels 1 to 2 and Levels 4 to 6 of the subject department store, with a total gross floor area of approximately 19,332.08 sq.m. The property is held with land use rights for a term due to expire on 4 October 2035 for commercial use.	The property is operated by the Group as a department store.	RMB547,000,000 (100% interest attributable to the Group RMB547,000,000)

Notes:

1. According to 115 Building Ownership Certificates, the land use rights and building ownership of the property having a total site area of approximately 4,272.97 sq.m. and a total gross area of approximately 11,787.14 sq.m., have been vested in 春天世紀企業管理(廈門)有限公司 (PCD Century Business Management (Xiamen) Limited) for a term due to expire on 4 October 2035 for commercial use. The details are summarized as follows:

Unit	Certificate No.	Gross Floor Area *(sq.m.)*
103	00464619	85.00
104	00464621	85.00
105	00464620	85.00
106	00464622	85.00
107	00464623	95.70
108	00498413	73.27
109	00498951	73.27
110	00498950	72.24
111	00498949	76.20
112	00498948	71.98
113	00498943	41.50
114	00499031	50.85
115	00498938	92.57
116	00498939	93.77
117	00498940	63.67
118	00498624	48.24
119	00498825	48.24
120	00498826	42.03
121	00498827	137.81
122	00498593	52.97
123	00498594	78.74
201A	00498595	102.53
201B	00498596	166.10
202A	00498597	60.56
202B	00498598	60.56
203A	00498828	60.56
226	00498620	87.39
241	00498941	53.78

Unit	Certificate No.	Gross Floor Area *(sq.m.)*
242	00498944	36.67
243	00498945	36.67
244	00498946	38.88
245	00498611	38.88
459	00498626	78.97
460	00498627	78.97
461	00498628	105.28
230	00498833	102.53
236	00498942	37.85
246	00498947	50.81
247	00498612	50.81
248	00498613	47.64
203B	00498829	60.99
204	00498830	89.42
209A	00498842	78.95
209B	00498841	78.95
210A	00498840	76.33
212	00498839	41.98
213	00498838	41.98
214	00498590	40.87
215	00498589	49.71
216	00498588	73.18
217	00498587	38.88
218	00498586	38.88
231	00498834	84.06
232	00498835	59.67
233	00498836	78.95
220	00498622	30.97
221	00498625	36.67
222	00498831	36.67
206A	00498843	57.98
206B	00498844	54.38
206C	00498621	89.93
415	00498614	41.79
416	00498623	41.79
417	00498615	89.58
418	00498616	36.43
419	00498617	39.06
420	00498629	43.26
421	00498630	49.44
422	00498631	43.26
423	00498824	50.32
424	00498823	50.32
425	00498822	50.54
426	00499482	50.32
427	00498600	50.32
428	00498599	50.54
429	00498592	50.32
430	00498591	61.50
431	00498952	47.59
432	00498957	47.59
227	00498619	61.01
228	00498618	60.56
229	00498832	166.10
235	00498837	49.15
450	00498956	34.62

Unit	Certificate No.	Gross Floor Area (*sq.m.*)
451	00498955	88.53
452	00498954	88.53
453	00498953	34.52
205A	00462099	81.31
224	00462097	41.23
234	00462100	79.01
237	00462101	51.03
238	00462098	82.39
239	00464207	54.38
240	00464208	57.98
401	00421353	86.02
402	00421434	50.61
403	00421254	50.61
404	00421435	74.39
405	00421436	58.38
406	00421437	110.12
407	00421407	41.52
408	00421406	42.23
409	00421405	46.90
410	00421403	42.23
411	00421404	42.23
412	00421354	46.70
413	00421355	42.46
414	00421356	41.79
454	00421253	34.62
455	00421257	37.61
456	00421256	49.15
457	00421255	78.57
458	00421433	78.97
S1 on L5	00464206	2487.87
S1 on L6	00464209	2231.95
	Total:	**11,787.14**

春天世紀企業管理(廈門)有限公司 (PCD Century Business Management (Xiamen) Limited) is a 100% indirect wholly-owned subsidiary of the Company and is the owner of the property.

As advised by the Group, the property was acquired by auction on 16 November 2004 and has a total of 226 units. Building Ownership Certificates have been obtained for the above 115 units with a total gross floor area of approximately 11,787.14 sq. m. The Building Ownership Certificates have not been obtained for the remaining 111 units with a total gross floor area of approximately 7,544.94 sq. m.

2. According to Business Licence No. 350200400003728 dated 14 September 2012, 春天世紀企業管理(廈門)有限公司 (PCD Century Business Management (Xiamen) Limited) has been established as a limited Company with a registered capital of RMB19,000,000 and an operation period from 28 April 2002 to 27 April 2052.

3. We have been provided with a legal opinion on the property prepared by the Group's legal adviser, which contains, *inter alia*, the following information:

   (i) 春天世紀企業管理(廈門)有限公司 (PCD Century Business Management (Xiamen) Limited) acquired the property by auction from Xiamen Zhong Zheng Auctioneer Co., Ltd. (廈門中正拍賣行有限公司) on 16 November 2004. All the consideration stated in the Auction Confirmation Letter had been duly paid and settled. Building Ownership Certificates have been obtained for the above 115 units with a total gross floor area of approximately 11,787.14 sq. m. The Building Ownership Certificates have not been obtained for the remaining 111 units with a total gross floor area of approximately 7,544.94 sq. m.

   (ii) 108 units are subject to a mortgage in favour of China Construction Bank; and

   (iii) 春天世紀企業管理(廈門)有限公司 (PCD Century Business Management (Xiamen) Limited) has the right to freely use, lease, transfer, mortgage and dispose of the building ownership rights of the property, provided that the above-mentioned mortgage has been discharged or with the bank's consent in advance and the Building Ownership Certificates have been granted for the remaining 111 units with a total gross floor area of approximately 7,544.94 sq. m.

4. The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Building Ownership Certificates	Yes
Business Licence	Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2013
7	PCD Xiamen Jiahe Store, Levels 1 to 5, Nos. 261 to 265 Jiahe Road, Siming District, Xiamen, Fujian Province, the PRC	The property comprises various units on Levels 1 to 5 of a 30-storey commercial building completed in 1997. Portion of the property comprises eight shop units on Levels 1 to 4 with a total gross floor area of approximately 11,449.49 sq.m. That portion of the property is held with land use term from 13 February 1994 to 12 February 2034 for commercial use. Portion of the property comprises five units on Level 5 with a total gross floor area of approximately 750.20 sq.m. That portion of the property is held with land use term from 13 February 1994 to 12 February 2044 for office use.	The property is operated by the Group as a department store.	RMB348,000,000 (100% interest attributable to the Group RMB348,000,000)

Notes:

1. According to 14 Building Ownership Certificates, the land use rights and building ownership of the property having a site area of approximately 5,475.01 sq.m. and a total gross floor area of approximately 12,199.69 sq.m., has been vested in 春天世紀企業管理 (廈門) 有限公司 (PCD Century Business Management (Xiamen) Limited). The details of the certificates are shown as follows:

Certificate No.	Portion	GFA (sq.m.)	Land use term	Usage
00914026	S12 of Level 1	393.36		
00914203	S14 of Level 1	894.14		
00935139	S13 of Level 1	1,066.98	40 years	
00935136	2S1 of Level 2	1,522.86	(13 February 1994	
00914209	2S2 of Level 2	1,522.86	to	Commercial use
00935136	3S1 of Level 3	1,507.30	12 February 2034)	
00914064	3S2 of Level 3	1,507.30		
00914211	4S1 of Level 4	3,034.67		
	Total	**11,449.47**		

Certificate No.	Portion	GFA (sq.m.)	Land use term	Usage
00914069	5A of Level 5	144.51	50years (13 February 1994 to 12 February 2044)	Office use
00914193	5B of Level 5	144.50		
00914065	5C of Level 5	87.68		
00914066	5D of Level 5	96.09		
00914067	5E of Level 5	138.71		
00914196	5F of Level 5	138.71		
	Total	**750.20**		

春天世紀企業管理(廈門)有限公司 (PCD Century Business Management (Xiamen) Limited) is a 100% indirect wholly-owned subsidiary of the Company and is the owner of the property.

2. According to Business Licence No. 350200400003728 dated 14 September 2012, 春天世紀企業管理(廈門)有限公司 (PCD Century Business Management (Xiamen) Limited) has been established as a limited Company with a registered capital of RMB19,000,000 and an operation period from 28 April 2002 to 27 April 2052.

3. We have been provided with a legal opinion on the property prepared by the Group's legal adviser, which contains, *inter alia*, the following information:

   (i) The Building Ownership Certificates of the property are legal, valid and enforceable under the PRC laws;

   (ii) The property is subject to a Charge in favour of 中國農業銀行廈門市分行 (Xiamen Branch of Agricultural Bank of China); and

   (iii) 春天世紀企業管理(廈門)有限公司 (PCD Century Business Management (Xiamen) Limited) is in possession of a proper legal title to the property and is entitled to use, transfer, lease, mortgage and dispose of the land use rights and building ownership of the property with the residual term of its land use rights provided that the charge has been discharged or with the bank's consent in advance.

4. The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Building Ownership Certificates	Yes
Business Licence	Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2013
8.	Guiyang Guomao, Basement 1 to Levels 5 of Guomao Square, No. 1 Zhonghua North Road, and Levels 1 to 2 of Guoyi Building, No. 3 Zhonghua North Road, Yunyan District, Guiyang, Guizhou Province, the PRC	The property comprises two adjacent portions of buildings, i.e. Basement 1 to Level 5 of Guomao Square and Levels 1 to 2 of Guoyi Building. The property has a total gross floor area of approximately 9,706.50 sq.m. Completed in about 2004, Basement 1 to Levels 5 of Guomao Square has a total gross floor area of approximately 7,992.61 sq.m. Completed in about 2006, Levels 1 to 2 of Guoyi Building has a total gross floor area of approximately 1,713.89 sq.m. The property is held with land use rights for a term due to expire on 31 December 2053 for commercial and office uses.	The property is operated by the Group as a department store.	RMB385,000,000 (75% interest attributable to the Group RMB288,750,000)

Notes:

1. According to State-owned Land Use Rights Certificate No. (2007)24500 issued by People's Government of Guiyang on 5 December 2007, the land use rights of the portion of the property in Guomao Square, comprising an allocated site area of 1,048.79 sq.m. have been vested in 貴陽國貿廣場商貿有限公司 (Guomao Guangchang Commercial Trading Co. Ltd.) for a term due to expire on 31 December 2053 for commercial and office uses.

   貴陽國貿廣場商貿有限公司 (Guomao Guangchang Commercial Trading Co. Ltd.) is a 75% indirectly owned subsidiary of the Company and is the owner of the property.

2. According to nine Building Ownership Certificates all dated 14 April 2009, the building ownership of the portion of the property in Guomao Square with a total gross floor area of approximately 7,992.61 sq.m. for commercial and office uses, has been vested in 貴陽國貿廣場商貿有限公司 (Guomao Guangchang Commercial Trading Co. Ltd.). The details are summarized as follows:

Certificate No.	Floor Level	Gross Floor Area *(sq.m.)*
010155251	Basement	993.90
010155258	Basement	68.24
010155259	Basement	187.19
010155252	1	1,332.18
010155253	1	1,231.71
010155254	2	43.40
010155255	3	1,371.36
010155256	4	1,371.36
010155257	5	1,393.27
	Total	**7,992.61**

According to two Building Ownership Certificates both dated 13 July 2011, the building ownership of the portion of the property in Guoyi Building with a total gross floor area of approximately 1,713.89 sq.m. for commercial and office uses, has been vested in 貴陽國貿廣場商貿有限公司 (Guomao Guangchang Commercial Trading Co. Ltd.). The details are summarized as follows:

Certificate No.	**Floor Level**	**Gross Floor Area** *(sq.m.)*
010253265	1	652.56
010253265	2	1,061.33
	Total	**1,713.89**

3. According to Business Licence No. 520100000016201 dated 10 May 2007, 貴陽國貿廣場商貿有限公司 (Guomao Guangchang Commercial Trading Co. Ltd.) has been established as a limited company with a registered capital of RMB11,100,000 and an operating period from 22 October 2009 to 21 October 2029.

4. We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, *inter alia*, the following information:

   (i) The State-owned Land Use Rights Certificate and Building Ownership Certificates of the property are legal, valid and enforceable under the PRC laws;

   (ii) A portion of the property in Guomao Square is subject to a Charge in favour of 中國工商銀行雲岩支行 (Yun Yan Branch of Industrial and Commercial Bank of China Limited); and

   (iii) 貴陽國貿廣場商貿有限公司 (Guomao Guangchang Commercial Trading Co. Ltd.) is in possession of a proper legal title to the property and is entitled to use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that the charge has been discharged or with the bank's consent in advance.

5. The status of the title and grant of major approvals and licences in accordance with the information provided to us are as follows:

State-owned Land Use Rights Certificates	Yes
Building Ownership Certificates	Yes
Business Licence	Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2013
9.	Guiyang Nanguo Huajin, Basement 1 to Levels 8 of Zhenhua Kaidu Building, No. 108 Zhonghua Central Road, Yunyan District, Guiyang, Guizhou Province, the PRC	The property comprises Basement 1 to Level 8 of a 28-storey commercial building known as Zhenhua Kaidu Building, erected on a parcel of land with a total site area of approximately of 4,894 sq.m. Completed in around 2008, the property has a total gross floor area of approximately 21,995.30 sq.m. with details as follows:	The property is operated by the Group as a department store.	RMB703,000,000 (75% interest attributable to the Group RMB527,250,000)

Floor level	Approximate gross floor area *(sq.m.)*
Basement	3,015.97
1	3,077.39
2	3,570.20
3	2,588.21
4	2,893.79
5	2,861.83
6	1,781.51
7	1,792.30
8	414.10
Total	21,995.30

The property is held with land use rights for a term due to expire on 28 October 2056 for commercial and office uses.

Note:

1. According to Provisional State-owned Land Use Rights Certificate No. (2007) 068 issued by People's Government of Guiyang on 12 October 2007, the land use rights of the property comprising a total site area of 4,894 sq.m. have been vested in 貴陽國貿廣場商貿有限公司 (Guomao Guangchang Commercial Trading Co. Ltd.) for a term due to expire on 28 October 2056 for commercial and office uses.

   貴陽國貿廣場商貿有限公司 (Guomao Guangchang Commercial Trading Co. Ltd.) is a 75% indirectly owned subsidiary of the Company and is the owner of the property.

2. According to eight Building Ownership Certificates all dated 17 January 2012, the building ownership of the property with a total gross floor area of approximately 21,885.97 sq.m. for commercial and office uses, has been vested in 貴陽國貿廣場商貿有限公司 (Guomao Guangchang Commercial Trading Co. Ltd.). The details are summarized as follows:

Certificate No.	**Floor Level**	**Gross Floor Area** *(sq.m.)*
010289186	Basement	3,015.97
010289188	1	3,077.39
010289191	2	3,570.20
010289196	3	2,588.21
010289203	4	2,893.79
010289208	5	2,861.83
010289211	6	1,781.51
010289214	7	1,792.30
010297061	8	173.86
010297040	8	132.03
010297067	8	108.21
	Total	**21,995.30**

3. According to Business Licence No. 520100000016201 dated 10 May 2007, 貴陽國貿廣場商貿有限公司 (Guomao Guangchang Commercial Trading Co. Ltd.) has been established as a limited company with a registered capital of RMB11,100,000 and an operating period from 22 October 2009 to 21 October 2029.

4. We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, *inter alia*, the following information:

   (i) The Provisional State-owned Land Use Rights Certificate and Building Ownership Certificates of the property are legal, valid and enforceable under the PRC laws; and

   (ii) 貴陽國貿廣場商貿有限公司 (Guomao Guangchang Commercial Trading Co. Ltd.) is in possession of a proper legal title to the property and is entitled to use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property.

5. The status of the title and grant of major approvals and licences in accordance with the information provided to us are as follows:

Provisional State-owned Land Use Rights Certificate	Yes
Building Ownership Certificates	Yes
Business Licence	Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2013
10.	A residential unit of Block A situated at No. 59 Zhongshan Central Road, Zhongshan District, Liupanshui, Guizhou Province, the PRC	The property comprises a residential unit of a building. Completed in around 1999, the property has a total gross floor area of approximately 255.75 sq.m. The property is held with land use rights for a term due to expire on 1 November 2048 for residential use.	The property is occupied by the Group as a staff quarters.	RMB1,150,000 (75% interest attributable to the Group RMB862,500)

Notes:

1. According to State-owned Land Use Rights Certificate No. (2011) 0428 issued by People's Government of Guiyang on 20 March 1999, the land use rights of the property comprising a total apportioned site area of 21.82 sq.m. have been vested in 六盤水國貿廣場春天百貨有限公司 (Liupanshui Guomao Guangchang Chun Tian Department Stores Ltd.) for a term due to expire on 1 November 2048 for residential use.

   六盤水國貿廣場春天百貨有限公司 (Liupanshui Guomao Guangchang Chun Tian Department Stores Ltd.) is a 75% indirectly owned subsidiary of the Company and is the owner of the property.

2. According to Building Ownership Certificate No. 000790076 dated 27 September 2011, the building ownership of the property with a total gross floor area of approximately 255.75 sq.m. for residential use, has been vested in 六盤水國貿廣場春天百貨有限公司 (Liupanshui Guomao Guangchang Chun Tian Department Stores Ltd.)

3. According to Business Licence No. 520000000024993 dated 10 May 2007, 六盤水國貿廣場春天百貨有限公司 (Liupanshui Guomao Guangchang Chun Tian Department Stores Ltd.) has been established as a limited company with a registered capital of RMB5,000,000 and an operating period from 7 January 2008 to 28 October 2029.

4. We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, *inter alia*, the following information:

   (i) The State-owned Land Use Rights Certificate and Building Ownership Certificate of the property are legal, valid and enforceable under the PRC laws; and

   (ii) 六盤水國貿廣場春天百貨有限公司 (Liupanshui Guomao Guangchang Chun Tian Department Stores Ltd.) is in possession of a proper legal title to the property and is entitled to use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property.

5. The status of the title and grant of major approvals and licences in accordance with the information provided to us are as follows:

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Group II — Properties held by the Group in the PRC for investment

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2013
11.	Eastern and western portions of Level 3, Zhujiang Square, No. 2 Longkunbei Road, Longhua District, Haikou, Hainan Province, the PRC	The property comprises eastern and western portions of Level 3 of a 4-storey commercial podium on which a composite development is erected. Completed in 1995, the property has a total gross floor area of approximately 5,692.84 sq.m. As advised by the Company, the property is held with land use rights for a term due to expire on 25 August 2058 for commercial use.	As at the date of valuation, the property was vacant.	RMB92,500,000 (100 % interest attributable to the Group RMB92,500,000)

Notes:

1. According to two Building Ownership Certificates both dated 20 December 2010, the ownership of the property, having a total gross floor area of approximately 5,692.84 sq.m. for commercial use, has been vested in 絲輝商貿(廈門)有限公司 (Sihui Commerce & Trading Limited (Xiamen)). The details are summarised as follows:

Unit	Certificate No.	Gross Floor Area *(sq.m.)*
Eastern portion of Level 3	34674	3,969.66
Western portion of Level 3	34675	1,723.18
	Total	**5,692.84**

   絲輝商貿(廈門)有限公司 (Sihui Commerce & Trading Limited (Xiamen)) is a 100% indirect wholly-owned subsidiary of the Company and is the owner of the property.

2. According to the Confirmation of Sale of the Property by Public Auction entered into between Hainan Goods Auction Limited (海南物資拍賣有限公司) and 絲輝商貿(廈門)有限公司 (Sihui Commerce & Trading Limited (Xiamen)) on 22 October 2010, 絲輝商貿(廈門)有限公司 (Sihui Commerce & Trading Limited (Xiamen)) had acquired the entire interest of the property for a consideration of RMB87,500,000.

3. According to Business Licence No 350200400036070 dated 18 August 2010, 絲輝商貿(廈門)有限公司 (Sihui Commerce & Trading Limited (Xiamen)) has been established as a limited company with a registered capital of RMB5,000,000 and an operation period from 14 May 2010 to 13 May 2030.

4. We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, *inter alia*, the following information:

   (i) The Building Ownership Certificates of the property are legal, valid and enforceable under the PRC laws; and

   (ii) 絲輝商貿(廈門)有限公司 (Sihui Commerce & Trading Limited (Xiamen)) is in possession of a proper legal title to the property and is entitled to use, transfer, lease, mortgage and dispose of the land use rights and building ownership of the property with the residual term of its land use rights.

5. The status of title and grant of major approvals and licence in accordance with the information provided by the Group are as follows:

Confirmation of Sale of the Property by Public Auction	Yes
Building Ownership Certificates	Yes
Business Licence	Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2013
12.	Various commercial units on Level 1, No. 17 Zhengkejia Lane, Jinjiang District, Chengdu, Sichuan Province, the PRC	The property comprises 42 commercial units on Level 1 of a 7-storey commercial podium on which a composite development is erected. Completed in 2004, the property has a total gross floor area of approximately 745.21sq.m. As advised by the Company, the property is held with land use rights for a term due to expire on 22 November 2049 for commercial use.	As at the date of valuation, the property was leased to Sichuan Zhiteng Property Limited (四川智騰實業有限公司) for a term from 1 April 2008 to 31 March 2024.	RMB35,000,000 (100 % interest attributable to the Group RMB35,000,000)

Notes:

1. According to 18 Building Ownership Certificates all dated 26 May 2011, the ownership of the property, having a total gross floor area of approximately 745.21 sq.m. for commercial use, has been vested in 絲輝商貿(廈門)有限公司 (Sihui Commerce & Trading Limited (Xiamen)). The details are summarized as follows:

No.	Unit	Certificate No.	Gross Floor Area *(sq.m.)*
1	114	2739530	101.16
2	109, 110, 111, 112, 113	2739531	79.90
3	105, 106	2739535	30.52
4	98, 99, 100, 101	2739536	66.19
5	91	2739538	11.37
6	87, 88	2739539	25.60
7	82, 83, 84, 85	2739544	55.48
8	78	2739548	28.18
9	73, 74, 75, 76	2739549	59.43
10	70	2739553	14.51
11	52, 53	2739554	31.46
12	44, 45	2739558	38.08
13	41	2739561	18.64
14	36, 37, 38	2739563	47.81
15	33, 34, 35	2739564	43.65
16	27, 28	2739565	29.54
17	12, 13	2739566	33.68
18	1, 2	2739568	30.01
		Total	**745.21**

絲輝商貿(廈門)有限公司 (Sihui Commerce & Trading Limited (Xiamen)) is a 100% indirect wholly-owned subsidiary of the Company and is the owner of the property.

2. According to the Confirmation of Sale of the Property by Auction entered into between Sichuan Hongsheng Auction Limited (四川宏盛拍賣有限公司) and 絲輝商貿(廈門)有限公司 (Sihui Commerce & Trading Limited (Xiamen)) on 28 January 2011, 絲輝商貿(廈門)有限公司 (Sihui Commerce & Trading Limited (Xiamen)) had acquired the property for a consideration of RMB31,320,000.

3. According to the Contract of Entrusted Operation entered into between Chengdu Chunxi Building Development Limited (成都市春熙大厦房屋開發有限公司) ("Party A"), the former owner of the property and 絲輝商貿(廈門)有限公司 (Sihui Commerce & Trading Limited (Xiamen) ("Party B"), on 26 March 2008, Party A is entrusted to operate and to manage the 42 commercial units, having a total gross floor area of 745.21 sq.m. for a term from 1 April 2008 to 31 March 2024. Party A shall pay a fixed annual consideration of RMB2,800,000 to Party B.

   According to a Judgement issued by People's Court of Duijianyan City of Sichuan Province on 30 January 2011, 絲輝商貿(廈門)有限公司 (Sihui Commerce & Trading Limited (Xiamen)) is entitled to receive an annual consideration of RMB1,560,000 from Party A.

4. According to Business Licence No 350200400036070 dated 18 August 2010, 絲輝商貿(廈門)有限公司 (Sihui Commerce & Trading Limited (Xiamen)) has been established as a limited company with a registered capital of RMB5,000,000 and an operation period from 14 May 2010 to 13 May 2030.

5. We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, *inter alia*, the following information:

   (i) The Building Ownership Certificates of the property are legal, valid and enforceable under the PRC laws; and

   (ii) 絲輝商貿(廈門)有限公司 (Sihui Commerce & Trading Limited (Xiamen)) is in possession of a proper legal title to the property and is entitled to use, transfer, lease, mortgage and dispose of the land use rights and building ownership of the property with the residual term of its land use rights.

6. The status of title and grant of major approvals and licence in accordance with the information provided by the Group are as follows:

Confirmation of Sale of the Property by Auction	Yes
Building Ownership Certificates	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Group III — Property held by the Group in the PRC under development

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2013
13.	The under development situated at the junction of Gongyuan North Road and Hexi Road, Yunyan District, Guiyang, Guizhou Province, the PRC	The property comprises a commercial development under construction and is developed on 2 parcels of adjoining land with a total site area of approximately 5,141 sq.m. As advised by the Group, a proposed commercial development is planned to be developed on the property with a total above ground floor area of approximately 46,421.96 sq.m. The proposed development is scheduled to be completed in 2015. A parcel of land with site area of 4,623 sq.m. is held with land use rights for a term due to expire on 1 October 2052 for commercial and office uses. Another parcel of land with site area of 518 sq.m. is held with land use rights for a term due to expire on 5 December 2051 for office use.	As at the date of valuation, the property was under development	RMB192,000,000 (75 % interest attributable to the Group RMB144,000,000)

Notes:

1. According to Provisional State-owned Land Use Rights Certificate No. (2009) 037 issued by People's Government of Guiyang on 9 June 2009, the land use rights of portion of the property comprising a site area of 4,623 sq.m. have been vested in 貴陽國貿春天房地產開發有限公司 (Guiyang Guomao Chun Tian Real Estate Company Ltd.) for a term due to expire on 1 October 2052 for commercial and office uses.

   According to State-owned Land Use Rights Certificate No. (2011) 33386 issued by People's Government of Guiyang on 28 December 2011, the land use rights of portion of the property comprising a site area of 518 sq.m. have been vested in 貴陽國貿春天房地產開發有限公司 (Guiyang Guomao Chun Tian Real Estate Company Ltd.) for a term due to expire on 5 December 2051 for office use.

   貴陽國貿春天房地產開發有限公司 (Guiyang Guomao Chun Tian Real Estate Company Ltd.) is a 75% indirectly owned subsidiary of the Company and is the owner of the property.

2. According to two Transfer Contracts of State-owned Land Use Rights dated 15 April 2009 provided by the Group, the portion of the property with site area of 4,623 sq.m. was acquired by 貴陽國貿春天房地產開發有限公司 (Guiyang Guomao Chun Tian Real Estate Company Ltd.) for a total consideration of RMB115,000,000.

According to Grant Contract of State-owned Land Use Rights No. 520103-2010-CR-0091 entered into between Guiyang Municipality State-owned Land Resources Bureau (the "Grantor") and 貴陽國貿廣場商貿有限公司 (Guomao Guangchang Commercial Trading Co. Ltd.) (the "Grantee") on 15 December 2010, the land use rights of the portion of the property with site area of 518 sq.m. have been granted to the Grantee with details as follows:

(i)	Location	:	Gongyuan Road, Yunyan District
(ii)	Site area	:	518 sq.m.
(iii)	Use	:	office
(iv)	Land use term	:	40 years
(v)	Permitted GFA	:	not exceeding 9,437.96 sq.m.
(vi)	Land premium	:	RMB16,000,000

3. According to Planning Permit for Construction Use of Land No. 520000201023105 issued by Urban Planning Bureau of Guiyang City on 17 March 2010, the construction site of a parcel of land with an area of 4,623 sq.m. is in compliance with the requirements of urban planning.

4. As advised by the Group, the total expended construction cost for the property as at the date of valuation was approximately RMB18,082,510 whilst the outstanding construction cost for completion of the property as at the date of valuation was approximately RMB61,417,490. We have taken into account such amount in our valuation.

5. The market value of the proposed development when completed is estimated approximately at RMB380,000,000.

6. According to Business Licence No. 5201031270648 dated 6 May 2009, 貴陽國貿春天房地產開發有限公司 (Guiyang Guomao Chun Tian Real Estate Company Ltd.) has been established as a limited company with a registered capital of RMB10,000,000 and an operating period from 12 November 2008 to 11 November 2058.

7. We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, *inter alia*, the following information:

   (i) The Provisional State-owned Land Use Rights Certificate and State-owned Land Use Rights Certificate of the property are legal, valid and enforceable under the PRC laws;

   (ii) All land premium have been fully settled; and

   (iii) 貴陽國貿春天房地產開發有限公司 (Guiyang Guomao Chun Tian Real Estate Company Ltd) is in possession of a proper legal title to the property and is entitled to use, transfer, lease, mortgage and dispose of the land use rights of the property with the residual term of its land use rights.

8. The status of title and grant of major approvals and licence in accordance with the information provided by the Group are as follows:

Provisional State-owned Land Use Rights Certificate	Yes
State-owned Land Use Rights Certificate	Yes
Transfer Contracts of State-owned Land Use Rights	Yes
Grant Contract of State-owned Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Group IV — Property held by the Group in the PRC for future development

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2013
14.	A parcel of land situated at Rujin Central Road, Nanming District, Guiyang, Guizhou Province, the PRC	The property comprises a parcel of land with a total site area of approximately 56,281 sq.m. pending future development. As advised by the Group, a proposed commercial development is planned to be developed on the property with a total above ground floor area of approximately 337,686 sq.m. The property is held with land use rights for term of 40 years for hotel, retail and office uses.	As at the date of valuation, the property was a land.	RMB602,000,000 (37.5 % interest attributable to the Group RMB225,750,000)

Notes:

1. According to Grant Contract of State-owned Land Use Rights No. 520102-2012-CR-0005 entered into between Guiyang Municipality State-owned Land Resources Bureau (the "Grantor") and 貴陽新喜達屋酒店投資有限公司 (Guiyang Xin Xi Da Wu Hotel Investments Limited) and 貴陽國貿廣場商貿有限公司 (Guomao Guangchang Commercial Trading Co. Ltd.) (the "Grantee") on 10 February 2012, the land use rights of the property have been granted to the Grantee with details as follows:

(i)	Location	:	west of Rujin Central Road, Nanming District
(ii)	Site area	:	56,281 sq.m.
(iii)	Use	:	Hotel, retail and office
(iv)	Land use term	:	40 years
(v)	Permitted GFA	:	not exceeding 337,686 sq.m.
(vi)	Land premium	:	RMB601,600,000

   貴陽國貿廣場商貿有限公司 (Guomao Guangchang Commercial Trading Co. Ltd.) is a 75% indirectly owned subsidiary of the Company and is the owner of the property.

2. According to Business Licence No. 520100000016201 dated 10 May 2007, 貴陽國貿廣場商貿有限公司 (Guomao Guangchang Commercial Trading Co. Ltd.) has been established as a limited company with a registered capital of RMB11,100,000 and an operating period from 22 October 2009 to 21 October 2029.

3. We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, *inter alia*, the following information:

   (i) The Grant Contract of State-owned Land Use Rights of the property is legal, valid and enforceable under the PRC laws;

   (ii) All land premium have been fully settled;

(iii) There is no legal impediment to obtain the State-owned Land Use Rights Certificate of the property ; and

(iv) 貴陽國貿廣場商貿有限公司 (Guomao Guangchang Commercial Trading Co. Ltd.) is in possession of a proper legal title to the property and is entitled to use, transfer, lease, mortgage and dispose of the land use rights of the property with the residual term of its land use rights provided that the State-owned Land Use Rights Certificate has been obtained.

4. The status of title and grant of major approvals and licence in accordance with the information provided by the Group are as follows:

Grant Contract of State-owned Land Use Rights	Yes
State-owned Land Use Rights Certificate	No
Business Licence	Yes

1. RESPONSIBILITY STATEMENTS

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (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 enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions 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 Composite Document, the omission of which would make any statement (other than those relating to the Sale Agreements, the terms and conditions of the Offers, the Offeror and WFJ International) in this Composite Document misleading.

The directors of the Offeror and WFJ Dongan jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions 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 Composite Document, the omission of which would make any statement (other than those relating to the Group) in this Composite Document misleading.

2. SHARE CAPITAL OF THE COMPANY

(a) Authorised and issued share capital

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

Authorised:		*US$*
5,000,000,000	Shares	25,000,000
Issued and fully paid:		
4,210,300,000	Shares	21,051,500

The existing issued Shares are fully paid up and rank pari passu with each other in all respects (including as to capital, dividends and voting). The Company has not issued any Shares since 31 December 2012, being the date of the latest published audited accounts of the Group.

The Shares are listed and traded on the Stock Exchange. None of the Shares is listed, or dealt in, on any other stock exchange, nor is any listing or permission to deal in the Shares being, or proposed to be sought, on any other stock exchange.

(b) Share Option Scheme

As at the Latest Practicable Date, the Company had 38,966,600 outstanding Options under the Share Option Scheme to subscribe for up to 38,966,600 Shares.

As at the Latest Practicable Date, save for the 4,210,300,000 Shares and 38,966,600 Options, the Company has no other Shares, options, warrants, derivatives or other securities that carry a right to subscribe for or which are convertible into Shares.

3. MARKET PRICES

(a) The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK$1.20 per Share (on 26 June 2013) and HK$0.53 per Share (on 31 August 2012), respectively.

(b) The table below sets out the closing prices of the Shares as quoted on the Stock Exchange on the last trading day of each of the calendar months during the Relevant Period on which trading of the Shares took place:

Date	**Closing Price of Shares**
	HK$
31 May 2012	0.79
29 June 2012	0.72
31 July 2012	0.56
31 August 2012	0.53
28 September 2012	0.62
31 October 2012	0.73
5 November 2012 (Relevant Trading Day)	0.78
30 November 2012	0.87
31 December 2012	0.94
24 January 2013 (Last Trading Day)	1.09
28 February 2013	1.17
28 March 2013	1.17
30 April 2013	1.17
31 May 2013	1.17
28 June 2013 (Latest Practicable Date)	1.19

(c) The closing price of the Shares on the Stock Exchange on the Last Trading Day was HK$1.09.

(d) The closing price of the Shares on the Stock Exchange on the Latest Practicable Date was HK$1.19.

4. DISCLOSURE OF INTERESTS

(a) Interests of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules (the "**Model Code**"), to be notified to the Company and the Stock Exchange; or (iv) to be disclosed in this Composite Document pursuant to the requirements of the Takeovers Code, were as follows:

(i) *Long Positions in Shares*

Name of Directors	Number of Shares	Number of underlying Shares[(1)]	Nature of interests/ Holding capacity	Approximate % of interests
Mr. Alfred Chan[(2)]	7,570,068	—	Interest in controlled corporation	0.18%
Mr. Edward Tan[(2)]	7,570,068	—	Interest in controlled corporation	0.18%
Mr. Li Chang Qing	—	200,000	Personal/beneficiary	0.005%
Mr. Ainsley Tai	—	200,000	Personal/beneficiary	0.005%
Mr. Randolph Yu	—	200,000	Personal/beneficiary	0.005%

Notes:

(1) These interests represented the interests in underlying shares in respect of the Options granted to Directors as beneficial owners, details of which are set out below.

(2) 7,570,068 Shares are held by PGL which is owned as to 50% by each of Mr. Alfred Chan and Mr. Edward Tan.

(ii) *Options to subscribe for Shares pursuant to the Share Option Scheme*

Name of Directors	Date of grant	Exercise period	Exercise price *HK$*	Number of Options outstanding as at Latest Practicable Date
Mr. Li Chang Qing	17 December 2009	17 December 2009 to 16 December 2019	2.36	200,000
Mr. Ainsley Tai	17 December 2009	17 December 2009 to 16 December 2019	2.36	200,000
Mr. Randolph Yu	17 December 2009	17 December 2009 to 16 December 2019	2.36	200,000

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had or were deemed to have any interest or short position in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; (iii) pursuant to the Model Code, to be notified to the Company and the Stock Exchange; or (iv) to be disclosed in this Composite Document pursuant to the requirements of the Takeovers Code.

(b) Interests of substantial shareholders

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than the Directors) had interests or short positions in the Shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO or which were required to be entered into the register to be kept by the Company under Section 336 of the SFO:

		Number of Shares		Percentage of holding	
Name of Shareholder	**Capacity**	**Long Position**	**Short Position**	**Long Position**	**Short Position**
The Offeror[1]	Beneficial owner	1,664,139,851	—	39.53%	—
WFJ International[1]	Interest in controlled corporation	1,664,139,851	—	39.53%	—
WFJ Dongan[1]	Interest in controlled corporation	1,664,139,851	—	39.53%	—
GEICO Holdings Limited	Interest in controlled corporation	378,848,000	—	9.00%	—
Golden Eagle International Retail Group Limited	Beneficial owner	370,448,000	—	8.80%	—
Wang Dorothy S L	Beneficiary of a trust (other than discretionary interest)	378,848,000	—	9.00%	—
Wang Hsu Vivine H	Beneficiary of a trust (other than discretionary interest)	378,848,000	—	9.00%	—
Wang Hung Roger	Trustee (other than a bare trustee)	378,848,000	—	9.00%	—
Wang Janice S Y	Beneficiary of a trust (other than discretionary trust)	378,848,000	—	9.00%	—

Note:

(1) Each of WFJ International and WFJ Dongan is deemed to be interested in the 1,664,139,851 Shares held by the Offeror by virtue of its respective interest in the Offeror.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other person who had an interest and/or short position in the Shares or underlying Shares of the Company which is required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept under Section 336 of the SFO.

(c) Service contracts

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group or any associated company of the Company which:

(i) (including both continuous and fixed terms contracts) have been entered into or amended within six months before the date of the commencement of the offer period, being 7 November 2012;

(ii) are continuous contracts with notice periods of 12 months or more; or

(iii) are fixed term contracts with more than 12 months to run irrespective of the notice period.

5. ARRANGEMENTS IN CONNECTION WITH THE OFFER

As at the Latest Practicable Date:

(a) there was no agreement or arrangement to which the Offeror is a party which relates to the circumstances in which the Offeror may or may not invoke or seek to invoke a condition to the Offers;

(b) no agreement, arrangement or understanding (including any compensation arrangement) exists between the Offeror or any person acting in concert with it and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the outcome of the Offers;

(c) no agreement, arrangement or understanding has been entered into by the Offeror or any party acting in concert with it to transfer, charge or pledge the Shares acquired in pursuance with the Offers to any other person;

(d) save for the Sale Agreements, there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers;

(e) no benefit (other than statutory compensation) has been or will be given to any Director as compensation for loss of office or otherwise in connection with the Offers; and

(f) save for the Sale Agreements, no material contract was entered into by the Offeror in which any Director had a material personal interest.

6. ADDITIONAL DISCLOSURE OF INTERESTS

(a) Disclosure of interests under Schedule I to the Takeovers Code

As at the Latest Practicable Date:

(i) save as disclosed in the section headed "Disclosure of Interests" in this Appendix, none of the Offeror, the directors of the Offeror nor any person acting in concert with it owns or controls any Shares, convertible securities, warrants, options or derivatives of the Company;

(ii) neither the Offeror nor any person acting in concert with the Offeror had borrowed or lent any Shares, convertible securities, warrants, options or derivatives of the Company (save for any borrowed Shares which have been on-lent or sold);

(iii) no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code has been entered into between the Offeror or any person acting in concert with it, and any other person; and

(iv) no person has irrevocably committed themselves to accept or reject the Offers.

(b) Disclosures of interests under Schedule II to the Takeovers Code

As at the Latest Practicable Date:

(i) save as disclosed in the section headed "Disclosure of Interests" in this Appendix, none of the Directors were interested in any Shares, convertible securities, warrants, options or derivatives of the Company;

(ii) neither the Company nor the Directors were interested in any shares, convertible securities, warrants, options or derivatives of the Offeror;

(iii) no subsidiary of the Company, nor any pension fund of the Group, nor any adviser to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code, owns or controls any Shares, convertible securities, warrants, options or derivatives of the Company;

(iv) no Shares, convertible securities, warrants, options or derivatives of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company;

(v) the Directors intend to accept the Offers in respect of their own beneficial holding of Shares and Options;

(vi) neither the Company nor the Directors had borrowed or lent any Shares, convertible securities, warrants, options or derivatives of the Company (save for any borrowed Shares which have been on-lent or sold); and

(vii) no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code has been entered into between the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" in the Takeovers Code, and any other person.

7. DEALINGS IN SECURITIES

(a) Disclosure of dealings under Schedule I to the Takeovers Code

During the Relevant Period:

(i) save for the Sale Agreements, none of the Offeror nor any person acting in concert with it had dealt for value in the Shares, convertible securities, warrants, options or derivatives of the Company;

(ii) none of the directors of the Offeror have dealt for value in the Shares, convertible securities, warrants, options or derivatives of the Company; and

(iii) no person who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or any person acting in concert with it had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company.

(b) Disclosure of dealings under Schedule II to the Takeovers Code

During the Relevant Period:

(i) the Company has not dealt for value in the shares, convertible securities, warrants, options or derivatives of the Offeror;

(ii) save for the Sale Agreements, none of the Directors has dealt for value in the shares, convertible securities, warrants, options or derivatives of the Company or the Offeror;

(iii) no subsidiary of the Company, nor any pension fund of the Group, nor any adviser to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code (but excluding exempt principal traders), has dealt for value in the Shares, convertible securities, warrants, options or derivatives of the Company;

(iv) no person who has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" in the Takeovers Code has dealt for value in the Shares, convertible securities, warrants, options or derivatives of the Company; and

(v) no fund manager (other than an exempt fund manager) connected with the Company and managing funds on a discretionary basis has dealt for value in the Shares, convertible securities, warrants, options or derivatives of the Company.

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

9. MATERIAL CONTRACTS

Save as disclosed below, the Group has not entered into any material contract (not being a contract entered into in the ordinary course of business) within the period commencing two years before 7 November 2012, being the date of commencement of the offer period, and up to the Latest Practicable Date:

(a) the subscription agreement between, amongst others, the Company and The Hong Kong and Shanghai Banking Corporation Limited, dated 25 January 2011 in relation to the subscription for the CNY750,000,000 5.25% guaranteed bonds due 2014 issued by the Company;

(b) the trust deed between, amongst others, the Company and The Hong Kong and Shanghai Banking Corporation Limited, dated 28 January 2011, in relation to the CNY750,000,000 5.25% guaranteed bonds due 2014 issued by the Company;

(c) the agency agreement between, amongst others, the Company and The Hong Kong and Shanghai Banking Corporation Limited, dated 28 January 2011, in relation to the CNY750,000,000 5.25% guaranteed bonds due 2014 issued by the Company;

(d) the equity transfer agreement between Gain Win Limited, a subsidiary of the Company, Mr. Wang De Tian, Mr. Hu Peng Fei, Mr. Tang Ye, Mr. Wang Run Sheng, Mr. Xie Xiang Chun, Mr. Zhang Chong Xin and Mr. Zhou Zai Cheng (collectively, the "**Vendors**"), dated 7 November 2011, in relation to the acquisition of 75% equity interests in Guizhou Guochen Department Store Co., Ltd. by Gain Win Limited from the Vendors for a consideration of RMB40,000,000;

(e) the acquisition agreement between the Company and LDP Management Limited, dated 14 November 2011, in relation to the acquisition of the entire issued share capital of Even Time Investments Limited by the Company from LDP Management Limited for a consideration of RMB73,069,068;

(f) the acquisition agreement between Beijing Scitech Department Stores Co., Ltd., an indirect wholly-owned subsidiary of the Company, and PCD Department Stores (Xiamen) Limited, dated 14 November 2011, in relation to the acquisition of the entire registered capital of Beijing Chun Tian Real Estate Co., Ltd. by Beijing Scitech Department Stores Co., Ltd. from PCD Department Stores (Xiamen) Limited for a consideration of RMB365,641,139;

(g) the termination deed between the Company and LDP Management Limited, dated 14 November 2011, in relation to the termination of the option granted to the Company by LDP Management Limited to purchase all of LDP Management Limited's interest in Even Time Investments Limited pursuant to on option agreement dated 29 November 2009;

(h) the equity transfer agreement between Mr. Alfred Chan and PCD Operations HK Limited, an indirect wholly owned subsidiary of the Company, dated 20 December 2011, in relation to the acquisition of 50% of the equity interests in Universe River Real Estate (Xiamen) Ltd. by PCD Operations HK Limited from Mr. Alfred Chan for a consideration of RMB20,683,173.315;

(i) the equity transfer agreement between Mr. Edward Tan and PCD Operations HK Limited, an indirect wholly owned subsidiary of the Company, dated 20 December 2011, in relation to the acquisition of 50% of the equity interests in Universe River Real Estate (Xiamen) Ltd. by PCD Operations HK Limited from Mr. Edward Tan for a consideration of RMB20,683,173.315;

(j) the co-operation agreement between Guiyang Guomao Guangchang Commercial Trading Co., Ltd., an indirect subsidiary of the Company, Guiyang Xin Li Cheng Real Estate Development Limited and Guiyang Xin Xi Da Wu Hotel Investments Limited, dated 28 January 2012, in relation to the bidding for the land use rights of a parcel of land located near Ruijin Central Road, Nanming District, Guiyang City for an initial consideration of RMB300,000,000; and

(k) the transfer agreement between Guiyang Guomao Guangchang Commercial Trading Co., Ltd., an indirect subsidiary of the Company, Guiyang Xin Xi Da Wu Hotel Investments Limited and the PRC Guizhou Province Guiyang City Ministry of Land and Resources, dated 10

February 2012, in relation to the acquisition for the land use rights for a period of 40 years of the parcel of land located near Ruijin Central Road, Nanming District, Guiyang City by Guiyang Guomao Guangchang Commercial Trading Co., Ltd. and Guiyang Xin Xi Da Wu Hotel Investments Limited for a consideration of RMB601,600,000.

10. CONSENTS AND QUALIFICATIONS

(a) The following are the qualifications of the experts who have given opinions or advice which are contained in this Composite Document:

Name	Qualification
Somerley	a corporation licensed under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities
Anglo Chinese Corporate Finance, Limited	a corporation licensed under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities
DTZ Debenham Tie Leung Limited	independent property valuer

(b) Each of Somerley, Anglo Chinese Corporate Finance, Limited and DTZ Debenham Tie Leung Limited has given and has not withdrawn their respective written consents to the issue of this Composite Document with the inclusion of their respective advice, letters and/or reports (as the case may be) and references to their names, logos and qualifications in the form and context in which they respectively appear.

11. GENERAL

(a) The registered office of the Company is at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The principal place of business of the Company in Hong Kong is at Suite 3310–11, Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

(b) The Hong Kong branch share registrar of the Company is Computershare Hong Kong Investor Services Limited, which is located at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(c) The Offeror is a company incorporated with limited liability in the Cayman Islands whose registered office is at 87 Mary Street, George Town, Grand Cayman KY1-9005, 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. The directors of the Offeror comprise Mr. Dong Jiasheng, Mr. Tao Ran and Mr. Geng Jiaqi.

(d) The registered address of WFJ International is Room 537, 5F, No. 255, Wangfujing Avenue, Dongcheng District, Beijing. The directors of WFJ International comprise Ms. Liu Bing, Mr. Dong Jiasheng, Mr. Du Jianguo, Mr. Hu Tenghe, Mr. Zhang Xuegang, Mr. Yu Zhongfu and Mr. Du Baoxiang. The registered address of WFJ Dongan is No.138, Wangfujing Avenue, Dongcheng District, Beijing. The directors of WFJ Dongan comprise Mr. Zheng Wanhe, Ms. Liu Bing and Ms. He Enlan.

(e) The registered office of Somerley is at 20th Floor, Aon China Building, 29 Queen's Road Central, Hong Kong.

(f) The principal place of business of Anglo Chinese Corporate Finance, Limited is at 40th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

(g) The company secretary of the Company is Charlotte Su, who is a member of both the Hong Kong Institute of Certified Public Accountants and the Chinese Institute of Certified Public Accountants.

(h) The English language text of this Composite Document and the Form(s) of Acceptance shall prevail over their respective Chinese language text.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection on the websites of the SFC (www.sfc.hk) and the Company (www.pcds.com.cn) and, during normal business hours from 9:00 am to 5:00 pm (other than Saturdays, Sundays and public holidays), at the Company's Hong Kong principal office address at Suite 3310–11, Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong from the date of this Composite Document until the close of the Offers:

(a) the memorandum and articles of association of the Company;

(b) the memorandum and articles of association of the Offeror;

(c) the annual reports of the Company for the three years ended 31 December 2012;

(d) the "Letter from Somerley", the text of which is set out in this Composite Document;

(e) the "Letter from the Board", the text of which is set out in this Composite Document;

(f) the "Letter from the Independent Board Committee", the text of which is set out in this Composite Document;

(g) the "Letter from Anglo Chinese Corporate Finance, Limited", the text of which is set out in this Composite Document;

(h) the "Letter from the Property Valuer", the text of which is set out in this Composite Document;

(i) the material contracts referred to in the section headed "Material contracts" in this Appendix; and

(j) the written consents referred to in the section headed "Consents and qualifications" in this Appendix.