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PCD Stores (Group) Limited
中國春天百貨集團有限公司*
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 331)

CONNECTED TRANSACTION
ACQUISITION OF 75% EQUITY INTERESTS IN
A PRC-INCORPORATED COMPANY

The Board is pleased to announce that on 7 November 2011, Gain Win, a subsidiary of the Company, entered into the Equity Transfer Agreement with the Vendors, pursuant to which the Vendors agreed to collectively sell and Gain Win agreed to purchase 75% equity interests in the Target Company for a consideration of RMB40,000,000.

As at the date of this announcement, the Target Company is held by the Vendors and among whom, Mr. Hu, Mr. Xie and Mr. Zhou are directors of the subsidiary of the Company and thus connected persons of the Company under Chapter 14A of the Listing Rules. The Acquisition therefore constitutes a connected transaction of the Company under the Listing Rules. As the applicable percentage ratios in respect of the Acquisition calculated in accordance with Chapter 14A of the Listing Rules are more than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirement, but are exempt from the independent shareholders' approval requirements under the Listing Rules.

EQUITY TRANSFER AGREEMENT

Date of the agreement: 7 November 2011

Parties: (i) the Vendors
(ii) Gain Win, a subsidiary of the Company

Interest to be acquired: 75% equity interests in the Target Company

Condition Precedent: Completion of the Acquisition is conditional upon the approval by the local Ministry of Commerce

Consideration: RMB40,000,000, payable by transferring the consideration to the designated account of the Vendors within 60 days after the granting of the approval of the transactions contemplated in the Equity Transfer Agreement by the local Ministry of Commerce

Completion: Within 60 days after the effective date of the Equity Transfer Agreement

INFORMATION ON THE TARGET COMPANY

The Target Company is a limited liability company incorporated in the PRC. As at the date of this announcement, the registered capital of the Target Company is RMB2,000,000. The business scope of the Target Company includes property leasing, groceries, cosmetic products, apparels, leather goods, optical products, watches, stationaries, toys, furniture, home decoration products, retail sale of golden accessories products, jewellery, jade, retail sale of office products, telecommunication products, electronic and electric appliances, household appliances, retail sale of computer and software and consumables, and adverting. The Target Company is the operator of Guiyang Guochen Fashion. The shareholders of the Target Company and their respective equity interests before and after the Acquisition are:

Shareholder	Shareholding prior to the Acquisition (%)	Shareholding after the Acquisition (%)
Mr. Hu	26.00	4.88
Mr. Wang	11.25	3.06
Mr. Tang	18.75	5.10
Mr. D T Wang	14.00	3.80
Mr. Xie	11.25	3.06
Mr. Zhang	7.50	2.04
Mr. Zhou	11.25	3.06
Gain Win	0.00	75.00
Total	100.00	100.00

Upon completion of the Acquisition, the Target Company will become a subsidiary of the Company.

The profit before and after taxation of the Target Company for the two years ended 31 December 2010 prepared in accordance with the generally accepted accounting principles in the PRC are set out below:

	For the year ended 31 December	
	2010	2009
	(audited)	(audited)
	(RMB)	(RMB)
Profit/(loss) before taxation	9,543,478.88	6,371,090.58
Profit/(loss) after taxation	7,157,609.16	4,778,317.93

The net asset value of the Target Company as at 31 December 2010 was approximately RMB20,726,128.00. The original cost to the Vendors for such 75% equity interests was RMB1,500,000, being the capital contribution into the Target Company at the time of its establishment.

BASIS FOR THE DETERMINATION OF THE CONSIDERATION

The consideration for the Acquisition was determined after arm's length negotiation among the parties to the Equity Transfer Agreement with reference to the PRC audited yearly after tax profit of the Target Company for the financial year ended 31 December 2010.

It is intended that the consideration payable under the Equity Transfer Agreement will be funded by internal resources of the Group.

REASONS FOR ENTERING THE EQUITY TRANSFER AGREEMENT

Upon completion of the Acquisition, Gain Win would become the owner of the 75% equity interests in the Target Company, which is in turn the operator of Guiyang Guochen Fashion. Given that the Group has provided management and consultancy services to Guiyang Guochen Fashion prior to the Acquisition, the Group was able to closely observe, assess and monitor the operational and financial performance of Guiyang Guochen Fashion over a period of time. During such period, the Group managed to clearly understand the consumer trends and preferences and thus gained confidence in the sustainability of its operations. As such, the Group is well placed to assume operations of Guiyang Guochen Fashion without causing any interruption as and when the Acquisition is completed. From the Group's strategic perspective, the Directors believe that the Acquisition would complement the Group's existing department stores network and reinforce the Group's strategy in strengthening the Group's foothold and dominance in Guizhou province.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Equity Transfer Agreement were on normal commercial terms and the Equity Transfer Agreement was entered into in the ordinary and usual course of business of the Group. The Directors (including the non-executive Directors) consider that the terms of the Equity Transfer Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

IMPLICATIONS AND REQUIREMENTS UNDER THE LISTING RULES

As at the date of this announcement, the Target Company is held by the Vendors, and among whom, Mr. Hu, Mr. Xie and Mr. Zhou are directors of the subsidiaries of the Company and thus connected persons of the Company under Chapter 14A of the Company of the Listing Rules. The Acquisition therefore constitutes a connected transaction of the Company under the Listing Rules.

As the applicable percentage ratios in respect of the Acquisition calculated in accordance with Chapter 14A of the Listing Rules are more than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirement, but are exempt from the independent shareholders' approval requirements under the Listing Rules.

INFORMATION REGARDING THE PARTIES

The Group is a group principally engaged in the operation and management of high-end department store in the PRC, generally targeted at high-income earners. As of the date of this announcement, the Group operates or provides management consultancy services to 18 department stores and 2 outlet malls in Beijing and 7 provinces in the PRC.

DEFINITIONS

Unless the context otherwise requires, the following terms shall have the meanings as set out below:

“Acquisition”	the acquisition of 75% equity interests in the registered capital of the Target Company by Gain Win pursuant to the terms and conditions of the Equity Transfer Agreement
“Board”	the board of Directors
“Company”	PCD Stores (Group) Limited (中國春天百貨(集團)有限公司*), a limited company incorporated in the Cayman Islands whose shares are listed on the Stock Exchange
“connected person”	has the meaning given to it under the Listing Rules
“Directors”	the directors of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 7 November 2011 entered into by the

	Vendors and Gain Win in relation to the Acquisition
“Gain Win”	Gain Win Limited (多勝有限公司), a company incorporated in Hong Kong with limited liability and a subsidiary of the Company
“Guangchang”	Guiyang Guomao Guangchang Commercial Trading Co. Ltd.* (貴陽國貿廣場商貿有限公司), a company incorporated in the PRC and a subsidiary of the Company
“Guiyang Guochen Fashion”	Guiyang Guochen Fashion Store* (貴陽國晨商場), a department store located at 78 Zhongshan West Road, Guiyang, Guizhou, PRC
“Guiyang Nanguo Huajin”	Guiang Nanguo Huajin Department Stores Co. Ltd.* (貴陽南國花錦百貨有限公司), a company incorporated in the PRC and a subsidiary of the Company
“Guiyang Times Square”	Guiyang Guomao Times Square Shopping Centre Co. Ltd.* (貴陽國貿時代購物中心有限公司), a company incorporated in the PRC and a subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Liupanshui Guomao”	Liupanshui Guomao Guangchang Department Stores Co., Ltd.* (六盤水國貿廣場春天百貨有限公司), a company incorporated in the PRC and a subsidiary of the Company
“Mr. D T Wang”	Wang De Tian* (王德天), a PRC citizen, who is one of the Vendors under the Equity Transfer Agreement
“Mr. Hu”	Hu Peng Fei* (吳鵬飛), a PRC citizen, who is one of the Vendors under the Equity Transfer Agreement and also a director of Guangchang, Liupanshui Guomao, Guiyang Times Square and Guiyang Nanguo Huajin, respectively
“Mr. Tang”	Tang Ye* (唐業), a PRC citizen, who is one of the Vendors under the Equity Transfer Agreement
“Mr. Wang”	Wang Run Sheng* (汪潤生), a PRC citizen, who is one of the Vendors under the Equity Transfer Agreement
“Mr. Xie”	Xie Xiang Chun* (謝湘春), a PRC citizen, who is one of the Vendors under the Equity Transfer Agreement and a director of Guangchang
“Mr. Zhang”	Zhang Chong Xin* (張崇新), a PRC citizen, who is one of the Vendors under the Equity Transfer Agreement
“Mr. Zhou”	Zhou Zai Cheng* (周在成), a PRC citizen, who is one of the Vendors under the Equity Transfer Agreement and a director of Guangchang, Guiyang Times Square and Guiyang Nanguo Huajin, respectively
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan

“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	shall have the meaning ascribed to it under the Listing Rules
“Target Company”	Guizhou Guochen Department Store Co., Ltd.* (貴州國晨百貨有限公司), a limited liability company incorporated in the PRC
“Vendors”	Mr. Hu, Mr. Xie, Mr. Zhou, Mr. Tang, Mr. Zhang, Mr. D T Wang and Mr. Wang, collectively
“%”	per cent

By Order of the Board
PCD Stores (Group) Limited
Alfred Chan
Chairman and Executive Director

Hong Kong, 7 November 2011

As at the date of this announcement, the Executive Directors of the Company are Mr. Alfred Chan and Mr. Edward Tan; and the Independent Non-Executive Directors are Mr. Randolph Yu, Mr. Ainsley Tai and Mr. Li Chang Qing.

**For identification purpose only*