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PCD Stores (Group) Limited
中國春天百貨集團有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 331)

ANNOUNCEMENT

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

AND

RENEWAL OF ANNUAL CAP UNDER THE DEPARTMENT STORE LEASE

Reference is made to the Prospectus under the section headed “Relationship with Our Ultimate Controlling Shareholders and Connected Transactions” which disclosed that waivers have been obtained from the Stock Exchange from compliance with the announcement and (where applicable) the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules in respect of continuing connected transactions under the Existing Continuing Connected Transactions Agreements.

The Company entered into (i) the Renewed Master PDL Agreement and (ii) the Renewed Office Space Lease on 29 December 2011 respectively for a term of three years commencing from 1 January 2012 and expiring on 31 December 2014. In addition, the Ruijing Management Agreement will be automatically renewed for a term of three years commencing from 1 January 2012 and expiring on 31 December 2014 pursuant to its terms.

The Company has resolved to renew the annual caps under the Department Store Lease for each of the three years ending on 31 December 2014.

Xiamen Ruijing Chun Tian is a connected person of the Company by virtue of it being the wholly-owned subsidiary of PCD Stores (Xiamen), which in turn is a company controlled by Alfred Chan and Edward Tan, the controlling shareholders of the Company.

PDL is a connected person of the Company by virtue of Alfred Chan and Edward Tan, the controlling shareholders of the Company, having a controlling interest in PDL.

Scitech Group is also a connected person of the Company by virtue of Alfred Chan and Edward Tan and their respective immediate family members being the owners of 85% of the equity interest in Scitech Group.

Given that the proposed annual cap for each of the Renewed Continuing Connected Transactions and the Department Store Lease represents less than 5% of the applicable percentage ratios, as defined in the Listing Rules, the Renewed Continuing Connected Transactions and the renewal of the proposed annual caps for the Department Store Lease fall within Rule 14A.34 of the Listing Rules and are only subject to reporting, announcement and annual review requirements under the Listing Rules and are exempt from independent shareholders' approval requirements under the Listing Rules.

INTRODUCTION

Reference is made to the Prospectus under the section headed "Relationship with Our Ultimate Controlling Shareholders and Connected Transactions" which disclosed that waivers have been obtained from the Stock Exchange from strict compliance with the announcement and (where applicable) the independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of continuing connected transactions under the Existing Continuing Connected Transactions Agreements.

The Ruijing Management Agreement, the Master PDL Agreement and the Office Space Lease will be expired on 31 December 2011.

Upon expiry of the existing term of the Ruijing Management Agreement on 31 December 2011, the Ruijing Management Agreement will be automatically renewed for an additional term of three years commencing from 1 January 2012 and expiring on 31 December 2014, subject to compliance by the Company with the Listing Rules. The transactions contemplated under the Renewed Ruijing Management Agreement constituted continuing connected transaction of the Company under the Listing Rules.

On 29 December 2011, the Company entered into the Renewed Master PDL Agreement with PDL, whereby both parties confirmed the further renewal of the Master PDL Agreement to 31 December 2014. The transactions contemplated thereunder constituted continuing connected transaction of the Company under the Listing Rules.

On 29 December 2011, the Company entered into the Renewed Office Space Lease with the Scitech Group, whereby both parties confirmed the further renewal of the Office Space Lease to 31 December 2014. The transactions contemplated thereunder constituted continuing connected transaction of the Company under the Listing Rules.

Xiamen Ruijing Chun Tian is a connected person of the Company by virtue of it being the wholly-owned subsidiary of PCD Stores (Xiamen), which in turn is a company controlled by Alfred Chan and Edward Tan, the Controlling Shareholders.

PDL is a connected person of the Company by virtue of Alfred Chan and Edward Tan, the Controlling Shareholders, having a controlling interest in PDL.

Scitech Group is also a connected person of the Company by virtue of Alfred Chan and Edward Tan and their respective immediate family members being the owners of 85% of the equity interest in Scitech Group.

DETAILS OF THE EXISTING CONTINUING CONNECTED TRANSACTIONS

I. RUIJING MANAGEMENT AGREEMENT

On 26 February 2009, the Company and Xiamen Ruijing Chun Tian, a company wholly-owned by PCD Stores (Xiamen), which in turn is a company controlled by Alfred Chan and Edward Tan, both the Company's indirect controlling shareholders, entered into the Ruijing Management Agreement.

Pursuant to the Ruijing Management Agreement, the Company agreed to advise Xiamen Ruijing Chun Tian and to provide management consultancy services to it in relation to the management and operation of PCD Ruijing, including but not limited to advising on management, marketing and merchandising and the assistance on the implementation of such advice.

Term and termination

The Ruijing Management Agreement was effective from 1 March 2009 until 31 December 2011. The Ruijing Management Agreement will be automatically renewed every three years subject to compliance with Chapter 14A of the Listing Rules by the Company on substantially the same terms, except that the Ruijing Minimum Fee (as defined below) will not be applicable upon renewal. The Ruijing Minimum Fee will not be applicable in the additional terms because PCD Ruijing was under the Group's management as a "PCD" branded store for three years, and it was expected to be able to generate stable GSP thereafter exceeding the original Ruijing Minimum Fee. In addition, the Ruijing Management Agreement will be terminated upon (i) completion of the acquisition pursuant to the Ruijing Option or (ii) cessation of operations of PCD Ruijing for a period of three months or longer.

Management fees

Pursuant to the Ruijing Management Agreement, the Company agreed to provide management consultancy services to Xiamen Ruijing Chun Tian in return for an annual management fee of 2.5% of the GSP of PCD Ruijing with a minimum management fee of RMB3.0 million per year (the "**Ruijing Minimum Fee**"). The amount of the management fee under each management contract is based on the circumstances of the relevant department store, including the size, location, profitability, the level of resources needed from the Group. The management fees under the Ruijing Management Agreement are based on normal commercial terms and are comparable to those under the Group's management agreements with independent third parties.

Automatic Renewal of Ruijing Management Agreement

The Ruijing Management Agreement will be automatically renewed for a term of three years commencing from 1 January 2012 and expiring on 31 December 2014 pursuant to its terms. Apart from the absence of the Ruijing Minimum Fee, all other terms and conditions of the Ruijing Management Agreement will remain the same.

Cap Amount

Historical figures

The management fees paid by Xiamen Ruijing Chun Tian to the Company pursuant to the Ruijing Management Agreement for the years ended 31 December 2009 and 2010, and the ten-month period ended 31 October 2011 are as follows:

<i>Period</i>	<i>Amount of Management Fees Received (RMB in million)</i>
Year ended 31 December 2009	1.2
Year ended 31 December 2010	3.0
Ten months ended 31 October 2011	2.5

Proposed annual cap

The annual cap in respect of the management fees to be paid by Xiamen Ruijing Chun Tian to the Company under the automatic renewal of Ruijing Management Agreement for each of the three years ending 31 December 2014 is RMB3.5 million, RMB4.5 million and RMB6.0 million respectively. The proposed annual caps for the three years ending 31 December 2014 have been determined by reference to a projected additional 30% growth rate each year.

II. MASTER PDL AGREEMENT

On 29 November 2009, the Company and PDL, a company in which PIEL is its controlling shareholder, entered into the Master PDL Agreement, pursuant to which PDL agreed to procure its subsidiaries, and the Company agreed to procure the Company's subsidiaries to enter into various concessionaire agreements with PDL Group, which primarily engages in the design, manufacture, distribution and retail of ladies' and men's fashion garments and the sale of accessories such as shoes, handbags, scarves and fragrances in China and, more recently, in Hong Kong, under the brand name PORTS. In accordance with the concessionaire agreements, some of which are existing and currently in effect, the Group agree to provide certain designated counters within the Group's various department stores to PDL Group for sale of their clothing, accessories and apparels.

Term and termination

The Master PDL Agreement is effective from 29 November 2009 until 31 December 2011, subject to compliance with Chapter 14A of the Listing Rules.

Concessionaire fees

Under the concessionaire agreements entered into pursuant to the Master PDL Agreement, the Group will collect the payment from the customers of PDL Group when they purchase PDL Group's goods in the Company's stores, and the Company will pay the total to PDL Group after deducting 15–25% of the revenue as the Group's fee for managing the relevant stores as well as 1–2% of the revenue as the Group's fee for promotions and marketing (the "**Concessionaire Fees**"). The Concessionaire Fees are based on normal commercial terms and are comparable to those under the Company's concessionaire agreements with independent third parties.

Renewed Master PDL Agreement

On 29 December 2011, the Company and PDL entered into the Renewed Master PDL Agreement, pursuant to which both parties confirmed the renewal of the Master PDL Agreement for a further term of three years commencing from 1 January 2012 and ending on 31 December 2014. Apart from changes made to update the effective period of renewal, all other terms and conditions of the Master PDL Agreement will remain the same.

Cap Amount

Historical figures

The Concessionaire Fees paid by PDL to the Company pursuant to the Master PDL Agreement for the years ended 31 December 2009 and 2010, and the ten-month period ended 31 October 2011 are as follows:

<i>Period</i>	<i>Amount of Management Fees Received (RMB in million)</i>
Year ended 31 December 2009	16.0
Year ended 31 December 2010	19.0
Ten months ended 31 October 2011	17.9

Proposed annual cap

The annual cap in respect of the Concessionaire Fees to be paid by PDL to the Company under the Renewed Master PDL Agreement for each of the three years ending 31 December 2014 is RMB34.7 million, RMB41.6 million and RMB50.0 million respectively. The proposed annual cap for each of the three years ending 31 December 2014 have been determined taken into account the acquisition by the Group of the operator of Beijing Scitech Premium Outlet Mall, an outlet in which PDL Group currently has 3 stores, in December 2011 and with reference to a projected additional 20% growth rate each year.

III. OFFICE SPACE LEASE AND RENEWAL OF ANNUAL CAP UNDER THE DEPARTMENT STORE LEASE

(a) Department Store Lease

On 17 August 2007, Scitech Group entered into a lease, as subsequently amended by various supplemental agreements, with the Company, pursuant to which Scitech Group agreed to grant the Company a lease with effect from 1 July 2007 for the Scitech Plaza at a monthly rent of RMB3.9 million (inclusive of building management fees), which is not subject to any periodic review until the end of the term of twelve years. Under the Department Store Lease, Scitech Group further agreed to grant to the Company the right to use and/or sub-licence the “Scitech” trademark in connection with Scitech Plaza and any outlet malls in the PRC operated or managed by the Company.

Cap Amount

Historical figures

The rent paid by the Company to Scitech Group pursuant to the Department Store Lease for the years ended 31 December 2009 and 2010, and the ten-month period ended 31 October 2011 are as follows:

<i>Period</i>	<i>Amount of Rent Paid (RMB in million)</i>
Year ended 31 December 2009	46.1
Year ended 31 December 2010	46.1
Ten months ended 31 October 2011	38.3

Note: the rent payable under the Department Store Lease is fixed; however, due to the accounting treatment of the initial rent free period, which is amortized throughout the term of the lease on a daily basis, the actual amount of rent paid may vary slightly.

Proposed annual cap

The annual cap in respect of the rent to be paid by the Company to Scitech Group under the Department Store Lease has been determined with reference to the terms of the Department Store Lease on a fixed fee basis to be RMB46.8 million per year for a term of three years commencing from 1 January 2012 and expiring on 31 December 2014. The rent was agreed between the Company and Scitech Group after arm's length discussions.

(b) Office Space Lease

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 with a total area of 1,056 sq.m. for an aggregate yearly rent of approximately RMB1.68 million.

Term and termination

The Office Space Lease shall be valid from 5 July 2007 to 31 December 2011. Under the Office Space Lease, the Company is authorized to use the premises for office use. The Company has the rights to sub-lease part of the premises to third parties subject to written approval from Scitech Group. The Scitech Group is responsible for provision of utilities, insurance of the premises and maintenance of the premises.

Renewed Office Space Lease

The Company and the Scitech Group entered into the Renewed Office Space Lease on 29 December 2011, pursuant to which both parties confirmed the renewal of the Office Space Lease to 31 December 2014. Apart from changes made to update the effective period of renewal, all other terms and conditions of the Office Space Lease will remain the same.

Cap Amount

Historical figures

The rent paid by the Company to Scitech Group pursuant to the Office Space Lease for the years ended 31 December 2009 and 2010, and the ten-month period ended 31 October 2011 are as follows:

<i>Period</i>	<i>Amount of Rent Paid (RMB in million)</i>
Year ended 31 December 2009	1.7
Year ended 31 December 2010	1.7
Ten months ended 31 October 2011	1.4

Proposed annual cap

The annual cap in respect of the rent to be paid by the Company to Scitech Group under the Office Space Lease has been determined on a fixed fee basis to be RMB1.7 million per year for a term of three years commencing from 1 January 2012 and expiring on 31 December 2014. The rent was agreed between the Company and Scitech Group after arm's length discussions.

REASONS AND BENEFITS FOR THE RENEWED CONTINUING CONNECTED TRANSACTIONS

The Directors are of the opinion that the Renewed Ruijing Management Agreement would effectively minimize competition between the Company and Xiamen Ruijing Chun Tian. In addition, the Directors are of the opinion that entering into or renewal of the other Renewed Continuing Connected Transactions will allow the Group to develop the potential of the Group's current distribution channels and effectively allocate and utilize the Group's current resources, and thereby improving the Group's operational efficiency which is in line with the long-term interest of the Company and its shareholders. In light of the above and taking into account the past performance and historical relationship between the counterparties in the Ruijing Management Agreement, the Master PDL Agreement and the Office Space Lease, the parties consider it appropriate to continue such continuing connected transactions by entering into the Renewed Continuing Connected Transaction Agreements.

Alfred Chan and Edward Tan are direct/indirect shareholders of (i) Xiamen Ruijing Chun Tian; (ii) PDL and (iii) Scitech Group, and have abstained from voting on the board resolution passed to approve the Renewed Continuing Connected Transactions. Save as disclosed above, no other Director is regarded as having a material interest in the Renewed Continuing Connected Transactions, and hence no other Director has abstained from voting on such board resolution to approve the Renewed Continuing Connected Transactions.

The Directors, including the independent non-executive Directors, are of the opinion that the Renewed Continuing Connected Transactions have been conducted on normal commercial terms, are entered into in the ordinary and usual course of business of the Company, are fair and reasonable and in the interests of the Company and the shareholders as a whole, and that the proposed annual caps of each of the Renewed Continuing Connected Transactions and the Department Store Lease are fair and reasonable.

LISTING RULES IMPLICATION

Given that the proposed annual caps for each of the Renewed Continuing Connected Transactions and the Department Store Lease represents less than 5% of the applicable percentage ratios, as defined in the Listing Rules, each of the Renewed Continuing Connected Transactions and the renewal of the proposed annual caps for the Department Store Lease falls within Rule 14A.34 of the Listing Rules and is only subject to reporting, announcement and annual review requirements under the Listing Rules and is exempt from independent shareholders' approval requirements under the Listing Rules.

INFORMATION ON THE COMPANY, XIAMEN RUIJING CHUN TIAN, PDL AND SCITECH GROUP

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

Xiamen Ruijing Chun Tian is a company incorporated in the PRC on 12 September 1995 and a wholly owned subsidiary of PCD Stores (Xiamen), a connected person of the Company. Xiamen Ruijing Chun Tian is the operator of PCD Ruijing, which commenced trial operations in September 2007 under the brand of Laiya.

PDL is an exempted company incorporated under the laws of Bermuda with limited liability on 28 June 2002, the shares of which are listed on the Main Board of the Stock Exchange, which is controlled by Alfred Chan and Edward Tan.

Scitech Group is a company incorporated in Beijing, the PRC on 15 November 1980 and held indirectly as to 85% by Alfred Chan, Edward Tan and their respective immediate family members. Scitech Group is the owner of Scitech Complex, and is in the business of the operation of hotels, office towers, shopping centre (excluding Scitech Plaza), amusement facilities, clubs and conferences located at the Scitech Complex.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	PCD Stores (Group) Limited, a limited liability company incorporated in Cayman Islands, with its shares listed on the Main Board of the Stock Exchange
“connected person”	has the meaning given to it under the Listing Rules
“controlling shareholder(s)”	has the meaning given to it under the Listing Rules
“Department Store Lease”	a lease dated 17 August 2007 and supplemented by

	various supplemental agreements entered into between (i) the Company and (ii) 賽特集團有限公司 (Scitech Group Company Limited*)
“Directors”	the directors (including the independent non-executive directors) of the Company
“Existing Continuing Connected Transactions”	transactions contemplated under the Existing Continuing Connected Transaction Agreements
“Existing Continuing Connected Transactions Agreements”	refers to (i) the Ruijing Management Agreement; (ii) the Master PDL Agreement; (iii) the Department Store Lease; and (iv) the Office Space Lease
“Group”	the Company and its subsidiaries
“GSP”	means gross sales proceeds, the gross revenue from concessionaire sales and sales of goods
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Master PDL Agreement”	a master concessionaire agreement dated 29 November 2009 entered into between (i) the Company and (ii) PDL
“Office Space Lease”	a lease entered into between (i) the Company and (ii) 賽特集團有限公司 (Scitech Group Company Limited*) pursuant to which Scitech Group agreed to grant the Company a lease with effect from 5 July 2007 for office space within the Scitech Complex
“PCD Ruijing”	a department store located at Ruijing Commercial Complex Square, Xiamen, the PRC, to which Xian Century Changan Property Investment provides management consultancy services
“PCD Stores (Xiamen)”	廈門巴黎春天百貨有限公司 (PCD Department Stores (Xiamen) Limited*), a company incorporated in the PRC on 9 December 1998
“PDL”	Ports Design Limited, an exempted company incorporated under the laws of Bermuda with limited liability on 28 June 2002, the shares of which are listed on the Main Board of the Stock Exchange, which is controlled by Alfred Chan and Edward Tan

“PDL Group”	PDL and all of its subsidiaries
“PIEL”	Ports International Enterprises Limited, the Company’s intermediate holding company with limited liability, which was incorporated in the British Virgin Islands on 8 September 1993 and is owned as to 50% by Alfred Chan and 50% by Edward Tan
“PRC”	the People’s Republic of China, which for the purposes of this announcement excludes Hong Kong, Macau Special Administrative Region and Taiwan Region
“Renewed Continuing Connected Transactions”	transactions contemplated under the Renewed Continuing Connected Transaction Agreements and the automatic renewal of Ruijing Management Agreement
“Renewed Continuing Connected Transaction Agreements”	refers to (i) the Renewed Master PDL Agreement and (ii) the Renewed Office Space Lease
“Renewed Master PDL Agreement”	a renewed master concessionaire agreement dated 29 December 2011, on terms and conditions similar to the Master PDL Agreement, entered into between (i) the Company and (ii) PDL
“Renewed Office Space Lease”	a renewed lease dated 29 December 2011, on terms and conditions similar to the Office Space Lease, entered into between (i) the Company and (ii) 賽特集團有限公司 (Scitech Group Company Limited*)
“RMB”	Renminbi, the lawful currency of the PRC
“Ruijing Management Agreement”	a management agreement dated 26 February 2009 entered into between (i) the Company and (ii) 廈門瑞景春天百貨有限公司 (Xiamen Ruijing Chun Tian Department Stores Co., Ltd.*)
“Ruijing Option”	an option agranted by PCD Stores (Xiamen) to the Group pursuant to an option agreement dated 29 November 2009
“Scitech Complex”	an office, hotel, restaurant and retail complex located at 22 Jianguomenwai Road, Chaoyang District, Beijing, the PRC
“Scitech Group”	賽特集團有限公司 (Scitech Group Company Limited*), a company incorporated in Beijing, the

PRC on 15 November 1980 and held indirectly as to 85% by Alfred Chan, Edward Tan and their respective immediate family members

“Scitech Plaza”

a department store operated by Beijing Scitech Department Stores located within the Scitech Complex, at 22 Jianguomenwai Road, Chaoyang District, Beijing, the PRC

“Scitech Premium Outlet Mall”

an outdoor mall located on no. 28 Xiangjiang Bei Road, Chaoyang District, Beijing, the PRC, with a total gross floor area of approximately 43,700 square meters

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“Xiamen Ruijing Chun Tian”

廈門瑞景春天百貨有限公司 (Xiamen Ruijing Chun Tian Department Stores Co., Ltd.*), a company incorporated in the PRC on 18 July 2007 and a wholly-owned subsidiary of PCD Stores (Xiamen)

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

Hong Kong, 30 December 2011

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

**for identification purposes only*