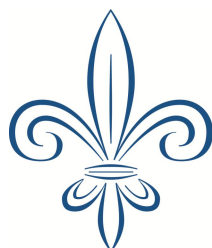


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PCD Stores (Group) Limited

中國春天百貨集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 331)

PAST CONNECTED TRANSACTIONS

INTRODUCTION

During the year ended 31 December 2011 and the six months ended 30 June 2012, there were advances between the Group and PCD Stores, which did not carry interest. The receivables arising out of the advances were settled among the Group and PCD Stores from time to time. As at 30 June 2012, all such receivables were fully settled.

LISTING RULES IMPLICATIONS

As PCD Stores is a connected person of the Company, the advances resulting in the Company Receivables (as defined below) constituted financial assistance by the Company to a connected person under Chapter 14A of the Listing Rules. The advances resulting in the Company Receivables should have been subject to the reporting, announcement and independent shareholders' approval requirements as the exemptions under Chapter 14A.66 of the Listing Rules do not apply.

PIEL is a connected person of the Company while PCD Stores, an indirect wholly-owned subsidiary of PIEL, is an associate of a connected person of the Company. As a result, the advances resulting in the Company Receivables constituted financial assistance by the Company to connected persons under Chapter 14A of the Listing Rules.

REMEDIAL MEASURES TAKEN BY THE COMPANY

The Directors have, on 18 October 2012, held a board meeting to ratify, confirm and approve the abovementioned advances.

With a view to enhancing the knowledge and understanding of the team which is responsible for the reporting and recording of the accounting transactions of the Company, the Company had arranged for a professional accountant firm to provide training for its onshore finance and accounting team on the proper recording of the transactions (whether trade or non-trade in nature) and the obligation to promptly report any transaction/proposed transaction to the relevant senior management of the Company for further assessment and handling for compliance purpose. The Company will consider the engagement of external professional parties from time to time to provide on-going training in relation to accounting record keeping and ongoing compliance with the Listing Rules. Also, the Company is in the process of appointing a suitable professional consulting firm to conduct a thorough review of, and make

recommendations to improve, the Company's internal controls. Once the professional consulting firm is engaged, the Company will consult with and seek advice from them with regards to the implementation of their recommendations so as to enhance and improve the internal control systems of the Company.

I. INTRODUCTION

The Board announces that the Group entered into certain transactions with PCD Stores, the details of which are set out below under the section headed "The Connected Transactions".

II. THE CONNECTED TRANSACTIONS

During the year ended 31 December 2012 and the six-months ended 30 June 2012, there were advances between the Group and PCD Stores, which did not carry interest. PIEL is a connected person of the Company by virtue of the respective 50% shareholding of Alfred Chan and Edward Tan, executive Directors and substantial shareholders of the Company, in PIEL. PCD Stores, an indirect wholly-owned subsidiary of PIEL, is an associate of a connected person of the Company.

Historical Amounts

The receivables arising out of the advances made from the Group to the PCD Stores (the "Company Receivables") were settled from time to time, with a maximum amount outstanding of RMB 16,394,000 during the year ended 31 December 2011 and RMB 11,920,000 during the six months ended 30 June 2012. As at 30 June 2012, all such receivables were fully settled.

Reason for the Transactions

PCD Stores is engaged in the business of the acquisition, construction and development of retail and commercial property projects in the PRC. To pay the relevant agents and contractors for the acquisition of, and the construction of, these retail and commercial properties in the PRC, PCD Stores and its subsidiaries required short-term advances from the Company from time to time. In return, PCD Stores would assist the Group in identifying suitable potential locations for the expansion of the Group's department stores network in the PRC.

Information on PCD Stores

PCD Stores is a company incorporated in the British Virgin Islands on 18 October 2005 under the name of "Printemps China Department Stores Limited", which changed its name to its current name on 27 July 2006, and an indirect wholly-owned subsidiary of PIEL.

PIEL is the intermediate holding company with limited liability, which was incorporated in the British Virgin Islands on 8 September 1993 and is owned 50% by Alfred Chan and 50% by Edward Tan.

Future Transactions

No further advances have been or will be made between the Group and PCD Stores after 30 June 2012, other than those to be made in compliance with the Listing Rules.

Listing Rules Implications

As PCD Stores is a connected person of the Company, the advances resulting in the Company Receivables constituted financial assistance by the Company to a connected person under Chapter 14A of the Listing Rules. The advances resulting in the Company

Receivables should have been subject to the reporting, announcement and independent shareholders' approval requirements as the exemptions under Chapter 14A.66 of the Listing Rules do not apply.

PIEL is a connected person of the Company while PCD Stores, an indirect wholly-owned subsidiary of PIEL, is an associate of a connected person of the Company. As a result, the Company Advances constituted financial assistance by the Company to connected persons under Chapter 14A of the Listing Rules.

III. REMEDIAL MEASURES TAKEN BY THE COMPANY

1. Ratification of the Transactions by the Directors

The Directors have, on 18 October 2012, held a board meeting to ratify, confirm and approve the advances resulting in the Company Receivables. At the board meeting, the Directors (including the independent non-executive Directors) confirmed that such advances were made in the interests of the Company and its shareholders as a whole.

2. Training provided by professional parties

Following the discovery of the advances resulting in the Company Receivables, the Company commenced a thorough review of its internal control and reporting procedures to ensure proper compliance with the relevant requirements regarding notifiable and connected transactions.

With a view to enhancing the knowledge and understanding of the team which is responsible for the reporting and recording of the accounting transactions of the Company, the Company had arranged for a professional accountant firm to provide training for its onshore finance and accounting team on the proper recording of the transactions (whether trade or non-trade in nature) and the obligation to promptly report any transaction/proposed transaction to the relevant senior management of the Company for further assessment and handling for compliance purpose. The Company will consider the engagement of external professional parties from time to time to provide on-going training in relation to accounting record keeping and ongoing compliance with the Listing Rules. Also, the Company is in the process of appointing a suitable professional consulting firm to conduct a thorough review of, and make recommendations to improve, the Company's internal controls. Once the professional consulting firm is engaged, the Company will consult with and seek advice from them with regards to the implementation of their recommendations so as to enhance and improve the internal control systems of the Company.

Furthermore, update and training of the Listing Rules will be given to the management so as to refresh their memory in due course.

IV. DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Alfred Chan”	Chan, Kai Tai Alfred
“Board”	the board of Directors of the Company

“Company”	PCD Stores (Group) Limited
“Company Receivables”	has the meaning ascribed to it in the body of this announcement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Edward Tan”	Tan, Han Kiat Edward
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PCD Stores”	PCD Stores Limited, a company incorporated in the British Virgin Islands on 18 October 2005 under the name of “Printemps China Department Stores Limited”, which changed its name to its current name on 27 July 2006, and an indirect wholly-owned subsidiary of PIEL.
“PIEL”	Ports International Enterprises Limited, the Group’s intermediate holding company with limited liability, which was incorporated in the British Virgin Islands on 8 September 1993 and is owned 50% by Alfred Chan and 50% by Edward Tan
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 19 October 2012

As at the date of this announcement, the directors of the Company are:

Executive Directors:

Mr. Chan, Kai Tai Alfred (Chairman)
Mr. Tan, Han Kiat Edward
Mr. Xiang, Qiang (President)

Independent Non-executive Directors:

Mr. Yu, Randolph
Mr. Tai, Ainsley
Mr. Li, Chang Qing

**for identification purposes only*